Cambridgeshire Pension Fund

Northamptonshire Pension Fund

LGSS Pensions Service

A short guide to the LGPS 2014

Highlights of the LGPS

The LGPS gives you:

Secure benefits –
the scheme provides you with a future income, independent of share prices and stock market fluctuations.

At a low cost to you –
with tax-efficient savings and lower National Insurance contributions for most people under ***State Pension Age***.

And your employer pays in too –
the scheme is provided by your employer who meets the balance of the cost of providing your benefits in the LGPS.

You can look forward to your retirement with the LGPS with:

A secure pension –
worked out every ***scheme year*** and added to your ***pension account***. The pension added to your account is equal to a 49th of your pay in that year. At the end of every ***scheme year*** the value of the pension in your account is adjusted to take into account the cost of living (as currently measured by the ***Consumer Prices Index (CPI)***).

Flexibility to pay more or less contributions –
you have the option in the LGPS to pay half your normal contributions in return for half your normal pension. This is known as the 50/50 section of the scheme and is designed to help members stay in the scheme when times are financially tough. You can also boost your pension by paying more contributions, which you would get tax relief on.

Tax-free cash –
you have the option when you draw your pension to exchange part of it for some tax-free cash.

Peace of mind –
your family enjoys financial security, with immediate life cover and a pension for your spouse, ***civil partner*** or ***eligible cohabiting partner*** and ***eligible children*** in the event of your death in service and, if you ever become seriously ill and you've met the 2 years ***vesting period***, you could receive immediate ill health benefits.

Freedom to choose when to take your pension –
you do not need to have reached your ***Normal Pension Age*** in order to take your pension as, once you've met the 2 years ***vesting period***, you can choose to retire and draw your pension at any time between age 55 and 75. Your ***Normal Pension Age*** is simply the age you can retire and take the pension you've built up in full. However, if you choose to take your pension before your ***Normal Pension Age*** it will normally be reduced, as it's being paid earlier. If you take it later than your ***Normal Pension Age*** it's increased because it's being paid later.

Redundancy and Efficiency Retirement –
if you are made redundant or retired in the interests of business efficiency at or after age 55 you will, provided you've met the 2 years ***vesting period***, receive immediate payment of the benefits you've built up.

Flexible retirement –
if you reduce your hours or move to a less senior position at or after age 55 you can, provided your employer agrees, and you've met the 2 years ***vesting period***, draw some or all of the benefits you have built up, helping you ease into retirement, although your benefits may be reduced for early payment.

The scheme

This guide is a short description of the conditions of membership and main scheme benefits that apply if you pay into the LGPS on or after 1 April 2014.

What kind of scheme is it?
The LGPS is a tax approved, defined benefit occupational pension scheme set up under the Superannuation Act 1972 (in the future scheme rules will be made under the Public Service Pension Schemes Act 2013) and is contracted out of the State Second Pension scheme (S2P). The LGPS is a qualifying scheme under the automatic enrolment provisions of the Pensions Act 2008. Your pension is worked out every year and added to your ***pension account***. The amount in your ***pension account*** is revalued at the end of each ***scheme year*** so your pension keeps up with the cost of living.
The LGPS is very secure because the benefits are set out in law.

Who can join?
The LGPS covers employees working in local government and for other organisations that have chosen to participate in it. To be able to join the LGPS you need to be under age 75 and work for an employer that offers membership of the scheme. If you are employed by a designating body, such as a town or parish council, or by a non-local government organisation which participates in the LGPS (an ***admission body***), you can only join if your employer nominates you for membership of the scheme. Police officers, operational firefighters and, in general, teachers and employees eligible to join another statutory pension scheme (such as the NHS Pension Scheme) are not allowed to join the LGPS.

If you start a job in which you are eligible for membership of the LGPS you will be brought into the scheme (unless your contract of employment is for less than 3 months and you are not an ***Eligible Jobholder***, but even then you can opt to join by completing an **Opt in form**).

If you are brought into the scheme you have the right to opt out. You cannot complete an **Opt Out form** until you have started your employment.

How do I ensure that I have become a member of the LGPS?
On joining the LGPS relevant records and a ***pension account*** (for each employment if you have more than one employment) will be set up and an official notification of your membership of the LGPS will be sent to you. **You should check your pay slip to make sure that pension contributions are being deducted.**

Can I opt-out of the LGPS and re-join at a later date?
Yes you can opt-out of the scheme but if you are thinking of opting out you might want to first consider an alternative option which is to elect to move to the 50/50 section of the scheme. The 50/50 section allows you to pay half your normal contributions in return for half your normal pension build up. To find out more, see the section on **flexibility to pay less**.

If having considered the 50/50 option you still decide the LGPS is not for you, you can leave the LGPS at any time on or after your first day of eligible employment by giving your employer notice in writing. You might, however, want to take independent financial advice before making the final decision to opt out.

If you opt out of the LGPS before completing 3 months membership you will be treated as never having been a member and your employer will refund the contributions to you through your pay.

If you opt out of the LGPS with 3 or more months membership and before completing the 2 years ***vesting period*** you can take a refund of your contributions (less any statutory deductions) or transfer out your pension to another scheme.

If you opt out of the LGPS after meeting the 2 years ***vesting period*** you will have deferred benefits in the scheme and will generally have the same options as anyone leaving their job before retirement.

If you opt-out, you can, provided you are otherwise eligible to join the scheme, opt back into the scheme at any time before age 75.

If you opt out of the LGPS then:

- on the date your employer is first required to comply with the automatic enrolment provisions under the Pensions Act 2008, your employer will automatically enrol you back into the LGPS if you are an ***Eligible Jobholder*** at that time in the job you've opted out from, or
- if on the date your employer is first required to comply with the automatic enrolment provisions under the Pensions Act 2008 you are not an ***Eligible Jobholder*** at that time in the job you opted out from your employer will, if you subsequently become an ***Eligible Jobholder*** in that job, automatically enrol you back into the LGPS from the ***automatic enrolment date***.

Your employer must notify you if this happens. You would then have the right to again opt out of the LGPS.

If you stay opted out your employer will normally automatically enrol you back into the LGPS approximately every 3 years from the date they have to comply with the automatic enrolment provisions.

What do I pay?
Your contribution rate depends on how much you are paid but it's currently between 5.5% and 12.5% of your ***pensionable pay***. If you elect for the 50/50 section of the scheme you would pay half the rates listed below. The rate you pay depends on which pay band you fall into.

Here are the pay bands and the rates that apply from April 2014.

Contribution table 2014/15	
If your Pay is:	**You pay a contribution rate of:**
Up to £13,500	5.5%
£13,501 to £21,000	5.8%
£21,001 to £34,000	6.5%
£34,001 to £43,000	6.8%
£43,001 to £60,000	8.5%
£60,001 to £85,000	9.9%
£85,001 to £100,000	10.5%
£100,001 to £150,000	11.4%
Over £150,000	12.5%

The intention is that contribution rates and / or pay bands will be reviewed on a regular basis and may change in the future.

Do I get tax relief?
As a member of the LGPS, your contributions will attract tax relief at the time they are deducted from your ***pay*** and you will be contracted out of the State Second Pension scheme (S2P). There are restrictions on the amount of tax relief available on pension contributions. If the value of your pension savings increase in any one year by more than the annual allowance of £40,000 you may have to pay a tax charge. Most people will not be affected by the annual allowance.

What about my National Insurance contributions?
Whilst you are a member of the LGPS you will currently, prior to ***State Pension Age***, pay reduced National Insurance contributions.

Does my employer contribute?
Your employer pays the balance of the cost of providing your benefits in the LGPS. Every three years an independent review is undertaken to calculate how much your employer should contribute to the scheme.

Is there flexibility to pay less contributions?
Yes, in the scheme there is an option known as 50/50 which provides members with the facility to pay half the normal contributions and to build up half the normal pension during the time the reduced contributions are being paid - see the section on **flexibility to pay less**.

Can I make extra contributions to increase my benefits?
You can increase your benefits by paying additional contributions (known as Additional Pension Contributions, APCs) to buy extra LGPS pension, or by making payments to the scheme's ***Additional Voluntary Contribution***s ***(AVC)*** arrangement. The Pensions Service can give you more information on these options. Contact details are at the end of this guide.

You are also able to make payments to a personal pension or stakeholder pension or free-standing AVC scheme of your own choice. You may wish to take independent financial advice before you make a decision about paying extra.

What if I've been a member before and can now re-join the LGPS?
If you rejoin the LGPS and you have deferred benefits in an LGPS fund in England and Wales your deferred benefits will normally be automatically joined with your new active ***pension account***. If you want to retain separate deferred benefits then you must make such an election within 12 months of rejoining the scheme. If you rejoin the LGPS in England and Wales and have a deferred refund this **must** be joined with your new active ***pension account***.

What about any non-LGPS pension rights I have?
If you have paid into another non-LGPS pension arrangement, you may be able to transfer your previous pension rights into the LGPS (provided you are not already drawing them as a pension). You only have 12 months from joining the LGPS to opt to transfer your previous pension rights, unless your employer and the Pensions Service allow you longer.

What if I'm already receiving an LGPS pension – will it be affected?
If you are already drawing a pension from the scheme, some or all of which you built up before 1 April 2014, and you are re-employed in local government or by an employer who offers membership of the LGPS you must tell the LGPS fund that pays your pension about your new position, regardless of whether you join the scheme in your new position or not. They will let you know whether your pension in payment is affected in any way.

If you are drawing a pension from the scheme, all of which you built up after 31 March 2014, and you are re-employed in local government or by an employer who offers membership of the LGPS you do not need to inform the LGPS fund that pays your pension as there is no effect on your pension in payment. The only exception to this is if you are in receipt of an ill-health pension that is stopped if you are in any gainful employment, in which case you must inform the employer who awarded you that pension and they will let you know whether your pension in payment should be stopped.

Contribution Flexibility

Flexibility to pay less
When you join the scheme you will be placed in the main section of the scheme. However, once you are a member of the scheme you will be able to elect in writing, at any time, to move to the 50/50 section if you wish.

The 50/50 section gives you the ability to pay half your normal contributions. This flexibility may be useful during times of financial hardship as it allows you to remain in the scheme, building up valuable pension benefits, as an alternative to opting out of the scheme.

A **50/50 Option form** is available from the Pensions Service. If you have more than one job in which you contribute to the scheme you would need to specify in which of the jobs you wish to be moved to the 50/50 section.

If you elect for 50/50 you would be moved to that section from the next available pay period. You would then start paying half your normal contributions and build up half your normal pension during the time you are in that section. When you make an election for the 50/50 section your employer must provide you with information on the effect this will have on your benefits in the scheme.

If you were to die in service whilst in the 50/50 section of the scheme the lump sum death grant and any survivor pensions would be worked out as if you were in the main section of the scheme. If you are awarded an ill-health pension which includes enhanced membership, the enhanced membership is added to your ***pension account*** as if you were in the main section of the scheme.

The 50/50 section is designed to be a short-term option for when times are tough financially. Because of this your employer is required to re-enrol you back into the main section of the scheme approximately three years from the date they first have to comply with the automatic enrolment provisions of the Pensions Act 2008 (and approximately every three years thereafter). If you wished to continue in the 50/50 section at that point you would need to make another election to remain in the 50/50 section.

There is no limit to the number of times you can elect to move between the main and the 50/50 section, and vice versa.

Flexibility to pay more
There are a number of ways you can provide extra benefits, on top of the benefits you are already looking forward to as a member of the LGPS.

You can improve your retirement benefits by paying:

- Additional Pension Contributions (APCs) to buy extra LGPS pension,
- ***Additional Voluntary Contributions (AVCs)*** arranged through the LGPS (in-house AVCs),
- Free Standing Additional Voluntary Contributions (FSAVCs) to a scheme of your choice,
- Contributions to a stakeholder or personal pension plan.

The Pensions Service can give you more information on the first two of these options. Contact details are at the end of this guide.

Your Pension

Your LGPS benefits are made up of:

- An annual pension that, after leaving, increases every year in line with the cost of living for the rest of your life, and
- The option to exchange part of your pension for a tax-free lump sum paid when you draw your pension benefits.

How is my pension worked out?
Every year, you will build up a pension at a rate of $1/49^{th}$ of the amount of ***pensionable pay*** you received in that ***scheme year*** if you are in the main section of the scheme (or half this rate of build up for any period you have elected to be in the 50/50 section of the scheme). If during the ***scheme year*** you had been on leave on reduced contractual pay or no pay due to sickness or injury, or had been on ***relevant child related leave*** or ***reserve forces service leave*** then, for the period of that leave, your pension is based on your ***assumed pensionable pay***. The amount of pension built up during the ***scheme year*** is then added to your ***pension account*** and revalued at the end of each ***scheme year*** so your pension keeps up with the cost of living.

If you joined the LGPS before 1 April 2014, your benefits for membership before 1 April 2014 were built up in the final salary scheme and are calculated differently using your membership built up to 31 March 2014 and your final year's pay.

The examples below show how benefits based on membership in the LGPS built up after 31 March 2014 are worked out.

If you are nearing retirement and you were a member of the scheme before 1 April 2014 there is an additional protection in place to ensure that you will get a pension at least equal to that which you would have received in the scheme had it not changed on the 1 April 2014. This protection is known as the **underpin.**

The **underpin** applies to you if you were:

- an active member on 31 March 2012, and
- you are within 10 years of your protected ***Normal Pension Age*** on 1 April 2012, and
- you haven't had a continuous break in active membership of a public service pension scheme of more than 5 years (after 31 March 2012), and
- you've not drawn any benefits in the LGPS before protected ***Normal Pension Age***, and
- you leave with an immediate entitlement to benefits.

If you are covered by the underpin a calculation will be performed at the date you cease to contribute to the Scheme, or at your protected ***Normal Pension Age*** if earlier, to check that the pension you have built up (or, if you have been in the 50/50 section of the scheme at any time, the pension you would have built up had you always been in the main section of the scheme) is at least equal to that which you would have received had the scheme not changed on 1 April 2014. If it isn't, the difference will be added into your ***pension account*** when you draw your benefits.

What pensionable pay is used to work out my pension?
Your pension for membership in the LGPS built up after 31 March 2014 is worked out using your ***pensionable pay*** which is the amount of pay on which you pay your pension contributions.

However if during the ***scheme year*** you had been on leave on reduced contractual pay or no pay due to sickness or injury, or had been on ***relevant child related leave*** or ***reserve forces service leave*** then, for the period of that leave, your pension is worked out based on your ***assumed pensionable pay***.

Can I exchange part of my pension for a lump sum?
You can exchange part of your annual pension for a one off tax-free cash payment. You will receive £12 lump sum for each £1 of pension given up. You can take up to 25% of the capital value of your pension benefits as a lump sum providing the total lump sum does not exceed £312,500 (2014/15 figure) less the value of any other pension rights you have in payment. Details of the maximum tax-free cash payment you can take will be given to you shortly before your retirement. It is at that time you need to make a decision.

How is my pension worked out - an example

Let's look at the build-up in a member's ***pension account*** for 5 years in the scheme.

Let's assume that the member joins the scheme on 1 April 2014, that their ***pensionable pay*** is £24,500 in ***scheme year*** 1 and their ***pensionable pay*** increases by 1% each year. Let's also assume that the cost of living (revaluation adjustment) is 3% each year.

Scheme Year	Opening Balance	Pension Build up in Scheme year Pay/ Build up rate = Pension	Total Account 31 March	Cost of living Revaluation adjustment	Update Total Account
1	£0.00	£24,500/49 = **£500.00**	£500.00	3% = £15.00	£500.00 + £15.00 = **£515.00**
2	£515.00	£24,745/49 = **£505.00**	£1,020.00	3% = £30.60	£1,020.00 + £30.60 = **£1,050.60**
3	£1,050.60	£24,992.45/49 = **£510.05**	£1,560.65	3% = £46.82	£1,560.65 + £46.82 = **£1,607.47**
4	£1,607.47	£25,242.37/49= **£515.15**	£2,122.62	3% = £63.68	£2,122.62 + £63.68 = **£2,186.30**
5	£2,186.30	£25,494.79/49 = **£520.30**	£2,706.60	3% = £81.20	£2,706.60 + £81.20 = **£2,787.80**

If you joined the LGPS before 1 April 2014
Your benefits for membership before 1 April 2014 are calculated differently.

For membership built up to 31 March 2008, you receive a pension of 1/80th of your ***final pay*** plus an automatic tax-free lump sum of 3 times your pension.

For membership built up from 1 April 2008 to 31 March 2014, you receive a pension of 1/60th of your ***final pay***. There is no automatic lump sum for membership built up after March 2008, but you do have the option to exchange some of your pension for a tax-free lump sum.

Taking AVCs as cash
If you pay ***Additional Voluntary Contributions (AVCs)*** via the LGPS you may elect to take up to 25% of your AVC fund as a tax-free lump sum provided the lump sum doesn't exceed £312,500 (2014/15 figure) less the value of any other pension rights you have in payment.

If your election to start paying AVCs was made before 1 April 2014 you can elect to take up to 100% of your AVC account as a tax-free lump sum if you draw it at the same time as your main LGPS pension benefits **provided,** when added to any LGPS lump sum, it does not exceed 25% of the overall value of your LGPS benefits (including your AVC fund) and the total lump sum does not exceed £312,500 (2014/15 figure) less the value of any other pension rights you have in payment.

Details of this option will be given to you shortly before your retirement.

Retirement

When can I retire and draw my LGPS pension?
You can choose to retire and draw your pension from the LGPS at any time from age 55 to 75, provided you have met the 2 years ***vesting period*** in the scheme.

The ***Normal Pension Age*** in the LGPS is linked to your ***State Pension Age*** (but with a minimum of age 65). If the ***State Pension Age*** changes in the future then this change will also apply to your ***Normal Pension Age*** for benefits built up after 31 March 2014.

If you choose to take your pension before your ***Normal Pension Age*** it will normally be reduced, as it's being paid earlier. If you take it later than your ***Normal Pension Age*** it's increased because it's being paid later. You must draw your benefits in the LGPS before your 75th birthday.

You may have to retire at your employer's instigation, perhaps because of redundancy, business efficiency or permanent ill health. Your LGPS benefits, even in these circumstances can, provided you have met the 2 years ***vesting period*** in the scheme provide you with an immediate retirement pension, which may even be enhanced.

If you voluntarily choose to retire before, on or after your ***Normal Pension Age*** you can defer drawing your benefits but you must draw them before age 75. If you draw your pension after your ***Normal Pension Age***, your benefits will be paid at an increased rate to reflect late payment.

If you built up membership in the LGPS before 1 April 2014 then you will have membership in the final salary scheme. These benefits have a different ***Normal Pension Age***, which for most is age 65.

Will my pension be reduced if I voluntarily retire before my Normal Pension Age?
If you choose to retire before your ***Normal Pension Age*** your benefits will normally be reduced to take account of being paid for longer. Your benefits are initially calculated as detailed under the heading **How is my pension worked out?** and are then reduced. How much your benefits are reduced by depends on how early you draw them.

If you were a member of the LGPS on 30 September 2006, some or all of your benefits paid early could be protected from the reduction if you have rule of 85 protection.

What if I lose my job through redundancy or business efficiency?
If you are aged 55 or over you will be entitled to the immediate unreduced payment of your LGPS benefits, provided, you have met the 2 years ***vesting period*** in the scheme. However, any additional pension paid for by Additional Pension Contributions (APCs) or Shared Cost Additional Pension Contributions (SCAPCs) would be paid at a reduced rate if the retirement occurred before your ***Normal Pension Age*** (to take account of the additional pension being paid for longer). Also if you have bought additional pension by Additional Regular Contributions (ARCs), that additional pension would be paid at a reduced rate if the retirement occurred before your pre 1 April 2014 ***Normal Pension Age*** which, for most, is age 65.

What happens if I have to retire early due to ill health?
If you have to leave work due to illness you may be able to receive immediate payment of your benefits.

To qualify for ill health benefits you have to have met the 2 years ***vesting period*** in the scheme and your employer, based on an opinion from an independent occupational health physician appointed by them, must be satisfied that you will be permanently unable to do your own job until your ***Normal Pension Age*** and that you are not immediately capable of undertaking gainful employment.

Ill health benefits can be paid at any age and are not reduced on account of early payment – in fact, your benefits could be increased to make up for your early retirement if you are unlikely to be capable of gainful employment within 3 years of leaving.

What if I want to have a gradual move into retirement?
This is known as flexible retirement. From age 55, if you reduce your hours or move to a less senior position, and provided you have met the 2 years ***vesting period*** in the scheme and your employer agrees, you can draw some or all of the pension benefits you have built up – helping you ease into retirement. If you take flexible retirement before your ***Normal Pension Age*** your benefits may be reduced to take account of their early payment unless your employer agrees to waive the reduction in whole or in part.If your employer agrees to flexible retirement you can still draw your wages / salary from your job on the reduced hours or grade and continue paying into the LGPS, building up further benefits in the scheme. **Flexible retirement is at the discretion of your employer and they must set out their policy on this in a published statement.**

What if I carry on working after my Normal Pension Age?
If you carry on working after your ***Normal Pension Age*** you will continue to pay into the LGPS, building up further benefits. When you eventually retire you will receive your pension unless you choose to delay drawing it. You must draw your pension by no later than age 75. Your pension will be paid at an increased rate to reflect the fact that it will be paid for a shorter time.

How does my pension keep its value?
On retiring on or after age 55 your LGPS pension increases in line with the cost of living every year throughout your retirement. As the cost of living increases, so will your pension. If you are retired on ill health grounds, your pension is increased each year regardless of your age.

Protection for your family

What benefits will be paid if I die?
If you die in service as a member of the LGPS the following benefits are payable:

- A lump sum death grant of three times your ***assumed pensionable pay***.
- Pensions for ***eligible children***.
- A spouse's, ***civil partner’s*** or, subject to certain qualifying conditions, an ***eligible cohabiting partner’s*** pension, equal to 1/160th of your ***pensionable pay*** (or ***assumed pensionable pay*** where applicable) times the period of your membership in the scheme after 31 March 2014, plus 49/160ths of the amount of any pension credited to your pension account following a transfer of pension rights into the scheme, plus an amount equal to 1/160th of your ***assumed pensionable pay*** for each year of membership you would have built up from your date of death to your ***Normal Pension Age***. For membership built up **before** 1 April 2014 the pension payable is equal to 1/160th of your ***final pay*** times the period of your membership in the scheme up to 31 March 2014 upon which your pension is based, unless you marry after retiring in which case it could be less. For a ***civil partner*** or an ***eligible cohabiting partner*** this pension is based on the period of membership after 5 April 1988 (plus, in the case of an ***eligible cohabiting partner’s*** pension, any of your membership before 6 April 1988 for which you've paid additional contributions so that it counts towards an ***eligible cohabiting partner's*** pension).

If you are in the 50/50 section of the scheme when you die this does not impact on the value of any pension for your **spouse, *civil partner*, *eligible cohabiting partner*** or ***eligible children*.**

If you die after retiring on pension, a spouse's, ***civil partner’s*** or, subject to certain qualifying conditions, an ***eligible cohabiting partner’s*** pension and pensions for ***eligible children*** are payable. The pension payable to a spouse, ***civil partner*** or ***eligible cohabiting partner*** is equal to 1/160th of the ***pensionable pay*** (or ***assumed pensionable pay*** where applicable) upon which your pension was calculated times the period of your membership in the scheme after 31 March 2014, plus 49/160ths of the amount of any pension credited to your ***pension account*** following a transfer of pension rights into the scheme from another pension scheme or arrangement. For membership built up **before** 1 April 2014 the pension payable to a spouse, ***civil partner*** or ***eligible cohabiting partner*** is equal to 1/160th of your ***final pay*** times the period of your membership in the scheme up to 31 March 2014 upon which your pension is based, unless you marry after retiring in which case it could be less. For a ***civil partner*** or an ***eligible cohabiting partner*** this pension is based on the period of membership after 5 April 1988 (plus, in the case of an ***eligible cohabiting partner’s*** pension, any of your membership before 6 April 1988 for which you've paid additional contributions so that it counts towards an ***eligible cohabiting partner's pension***).

A lump sum death grant will be paid if you die and less than 10 years pension has been paid and you are under age 75. The amount payable would be 10 times the level of your annual pension prior to giving up any pension for a tax-free cash lump sum, reduced by any pension already paid to you and the amount of any tax-free cash lump sum you chose to take when you drew your pension at retirement. If you are receiving a pension and are also an active member of the scheme, or have a separate deferred benefit when you die this may impact on the death grant you receive.

What conditions need to be met for an eligible cohabiting partner’s survivor’s pension to be payable?
If you have a cohabiting partner, of either opposite or same sex, they will be entitled to receive a survivor's pension on your death if they meet the criteria to be considered to be an ***eligible cohabiting partner***.

For an ***eligible cohabiting partner's*** survivor's pension to be payable, all of the following conditions must have applied for a continuous period of at least 2 years on the date of your death:

- you and your cohabiting partner are, and have been, free to marry each other or enter into a ***civil partnership*** with each other, and
- you and your cohabiting partner have been living together as if you were husband and wife, or ***civil partners***, and
- neither you or your cohabiting partner have been living with someone else as if you/they were husband and wife or ***civil partners***, and
- either your cohabiting partner is, and has been, financially dependent on you or you are, and have been, financially interdependent on each other.

On your death, a survivor's pension would be paid to your cohabiting partner if:

- all of the above criteria apply at the date of your death, and
- your cohabiting partner satisfies the Pensions Service that the above conditions had been met for a continuous period of at least 2 years immediately prior to your death.

Who is the lump sum death grant paid to?

The LGPS allows you to say who you would like any death grant to be paid to by completing and returning a **Death Grant – Expression of Wish form**. This form is available from the Pensions Service. The Pensions Service, however, retains absolute discretion when deciding on who to pay any death grant to. You can find out how to contact the Pensions Service at the end of this guide.

Leavers without an immediate entitlement to benefits

If you leave your job before retirement and have met the 2 years *vesting period* you will have built up an entitlement to a pension. You will have two options in relation to that pension entitlement:

- you can choose to keep your benefits in the LGPS. These are known as deferred benefits and will increase every year in line with the cost of living, or
- alternatively, you may be able to transfer your deferred benefits to another pension arrangement.

If you leave your job before retirement and <u>have not</u> met the 2 years *vesting period* you will have three options:

- you will normally be able to claim a refund of your contribution, or
- you may be able to transfer your benefits to a new pension arrangement, or
- you can delay your decision until you either re-join the LGPS, transfer your benefits to a new pension arrangement, or want to take a refund of contributions. A refund of contributions must, in any event, be paid within 5 years of your leaving the scheme (or age 75 if earlier).

Refunds of Contributions

If you leave, or opt out of the scheme after 3 months' membership, and you've not met the 2 years ***vesting period*** you will normally be able to take a refund of your contributions. There will be a deduction for tax and the cost, if any, of buying you back into the State Second Pension scheme (S2P). A refund of contributions must be paid within 5 years of your leaving the scheme (or age 75 if earlier).

Deferred benefits
If you leave before your ***Normal Pension Age*** and you meet the 2 years ***vesting period*** you will be entitled to deferred benefits within the LGPS. Your deferred LGPS benefits will be calculated as described in the **How is my pension worked out** section using the length of your membership up to the date that you left the scheme. During the period your pension benefits are deferred they will be increased each year in line with the cost of living.

Unless you decide to transfer your deferred benefits to another pension scheme, they will normally be paid unreduced at your ***Normal Pension Age***, but:

- they may be put into payment earlier and in full if, because of ill health, you are permanently incapable of doing the job you were working in when you left the LGPS and you are unlikely to be capable of undertaking any gainful employment within 3 years of applying for the benefit or by your ***Normal Pension Age***, whichever is the earlier; or
- you can, if you wish, elect to receive your deferred benefits early from age 55 onwards, or
- you can, if you wish, elect not to draw your deferred benefits at your ***Normal Pension Age*** and defer drawing them till some time later (although they must be paid by age 75).

Benefits paid earlier than your ***Normal Pension Age***, other than on the grounds of permanent ill health, may be reduced to take account of their early payment and the fact that your pension will be paid for longer. Conversely, benefits paid after your ***Normal Pension Age*** will be increased.

If you leave with deferred benefits and you die before they come into payment, a lump sum death grant equal to 5 years' pension will be paid. If you have deferred benefits and are also an active member of the scheme when you die this may impact on the death grant you receive. The LGPS allows you to say who you would like any death grant to be paid to by completing a **Death Grant – Expression of Wish form**. This form is available from the Pensions Service. You can find out how to contact the Pensions Service at the end of this guide. The Pensions Service, however, retains absolute discretion when deciding on who to pay any death grant to.

If you leave with deferred benefits and die before they come into payment a spouse's, ***civil partner's*** or, subject to certain qualifying conditions, an ***eligible cohabiting partner's pension*** and pensions for ***eligible children*** are payable. The pension payable to a spouse, ***civil partner*** or ***eligible cohabiting partner*** is equal to 1/160th of the ***pensionable pay*** (or ***assumed pensionable pay*** where applicable) upon which your pension was calculated times the period of your membership in the scheme after 31 March 2014, plus 49/160ths of the amount of any pension credited to your ***pension account*** following a transfer of pension rights into the scheme from another pension scheme or arrangement. For membership built up **before** 1 April 2014 the pension payable to a spouse, ***civil partner*** or ***eligible cohabiting partner*** is equal to 1/160th of your ***final pay*** times the period of your membership in the scheme up to 31 March 2014 upon which your pension is based, unless you marry after retiring in which case it could be less. For a ***civil partner*** or an ***eligible cohabiting partner*** this pension is based on the period of membership after 5 April 1988 (plus, in the case of an ***eligible cohabiting partner's*** pension, any of your membership before 6 April 1988 for which you've paid additional contributions so that it counts towards an ***eligible cohabiting partner's*** pension).

What if I have two or more LGPS jobs?
If you have two or more jobs in which you pay into the LGPS at the same time and you leave one (or more) but not all of them, and you are entitled to deferred benefits from the job (or jobs) you have left, your deferred benefits from the job that has ended are automatically transferred to the active ***pension account*** for the job you are continuing in, unless you elect to keep them separate. If you wish to keep your deferred benefits separate you must elect to do so within 12 months of re-joining the LGPS, unless your employer allows you longer. If you are not entitled to deferred benefits from the job (or jobs) you have left, you cannot have a refund of your contributions and you must transfer your benefits to the ***pension account*** for the job you are continuing in.

Transferring your benefits
If you leave the scheme and you are entitled to deferred benefits or a refund you can generally transfer the cash equivalent of your pension benefits into another pension arrangement or a new employer's pension scheme. This may even be to an overseas pension scheme or arrangement that meets HM Revenue and Customs conditions. You cannot transfer your benefits if you leave less than one year before your ***Normal Pension Age***. An option to transfer must be made at least 12 months before your ***Normal Pension Age*** or, if later, within 6 months of leaving.

Your new pension provider will require a transfer value quotation which, under the provisions introduced by the Pensions Act 1995, The Pensions Service will guarantee for a period of three months from the date of calculation.

Alternatively, if you return to employment with an employer participating in the LGPS and rejoin the LGPS after having previously built up LGPS pension rights (i.e. you previously left an LGPS employment with deferred benefits) then these deferred benefits will automatically be transferred to the active ***pension account*** for your new job, unless you elect to keep them separate. If you wish to keep your deferred benefits separate you must elect to do so within 12 months of re-joining the LGPS, unless your employer allows you longer. If you rejoin the LGPS after having previously left an LGPS employment without building up pension rights but you deferred taking a refund of contributions (normally where you have less than two years membership) then this deferred refund **must** be joined with your new active ***pension account*** in the scheme.

Keep in touch – remember to let the Pensions Service know if you move house.

Help with pension problems

Who can help me if I have a query or complaint?
If you are in any doubt about your benefit entitlements, or have a problem or question about your LGPS membership or benefits, please contact the Pensions Service**.** They will seek to clarify or put right any misunderstandings or inaccuracies as quickly and efficiently as possible. If your query is about your contribution rate, please contact your employer's personnel/HR or payroll section so they can explain how they have decided which contribution band you are in.

If you are still dissatisfied with any decision made in relation to the scheme you have the right to have your complaint reviewed under the Internal Disputes Resolution Procedure and, as the scheme is well regulated. There are also a number of other regulatory bodies that may be able to assist you.

The various procedures and bodies are:

- **Internal Disputes Resolution Procedure**
  In the first instance you should write to the adjudicator appointed by the body who made the decision about which you wish to appeal. You must do this within six months of the date of the notification of the decision or the act or omission about which you are complaining (or such longer period as the adjudicator considers reasonable). This is a formal review of the initial decision or act or omission and is an opportunity for the matter to be reconsidered. The adjudicator will consider your complaint and notify you of his or her decision. If you are dissatisfied with that person's decision, (or their failure to make a decision) you may apply to the Pensions Service to have it reconsidered.

  A leaflet explaining the Internal Disputes Resolution Procedure including relevant time limits is available from the Pensions Service.

- **The Pensions Advisory Service (TPAS)**
  TPAS is available at any time to assist members and beneficiaries of the scheme in connection with any pension query they may have or any difficulty which they cannot resolve with the scheme administrator. TPAS can be contacted at:

  11 Belgrave Road
  London
  SW1V 1RB   Telephone 0845 601 2923
  Website www.pensionsadvisoryservice.org.uk

- **Pensions Ombudsman**
  In cases where a complaint or dispute has not been satisfactorily resolved through the Internal Disputes Resolution Procedure or with the help of TPAS, an application can be made to the Pensions Ombudsman within three years of the event that gave rise to the complaint or dispute. The Ombudsman can investigate and determine any complaint or dispute involving maladministration of the scheme or matters of fact or law and his or her decision is final and binding (unless the case is taken to the appropriate court on a point of law). Matters where legal proceedings have already started cannot be investigated by the Pensions Ombudsman. The Pensions Ombudsman can be contacted at:

  11 Belgrave Road
  London
  SW1V 1RB   Telephone 0207 630 2200
  Website www.pensions-ombudsman.org.uk

- **The Pensions Regulator**
  This is the regulator of work based pension schemes. The Pensions Regulator has powers to protect members of work based pension schemes and a wide range of powers to help put matters right, where needed. In extreme cases, the regulator is able to fine trustees or employers, and remove trustees from a scheme. You can contact the Pensions Regulator at:

  Napier House
  Trafalgar Place
  Brighton
  BN1 4DW   Telephone 0870 6063636
  Website www.thepensionsregulator.gov.uk

How can I trace my pension rights?
The Pension Tracing Service holds details of pension schemes, including the LGPS, together with relevant contact addresses. It provides a tracing service for ex-members of schemes with pension entitlements (and their dependants) who have lost touch with previous schemes. All occupational and personal pension schemes have to register if the pension scheme has current members contributing to the scheme or people expecting benefits from the scheme. If you need to use this tracing service please write to:

The Pension Tracing Service
The Pension Service
Tyneview Park
Whitley Road
Newcastle upon Tyne
NE98 1BA Telephone 0845 6002 537
Website www.gov.uk/find-lost-pension

Don’t forget to keep your pension providers up to date with any change in your home address.

Some terms we use

Additional Voluntary Contributions (AVCs)
These are extra payments to increase your future benefits. You can also pay AVCs to provide additional life cover.

All local government pension funds have an AVC arrangement in which you can invest money through an AVC provider, often an insurance company or building society. AVCs are deducted directly from your pay and attract tax relief.

Admission Body
An admission body is an employer that chooses to participate in the scheme under an admission agreement. These tend to be employers such as charities and contractors.

Assumed Pensionable Pay
This provides a notional ***pensionable pay*** figure to ensure your pension is not affected by any reduction in ***pensionable pay*** due to a period of sickness or injury on reduced contractual pay or no pay, or ***relevant child related leave*** or ***reserve forces service leave***.

If you have a period of reduced contractual or no pay due to sickness or injury or you have a period of ***relevant child related leave*** or ***reserve forces service leave*** then your employer needs to provide the Pensions Service with the ***assumed pensionable pay*** you would have received during that time. This requires a calculation to be carried out by your employer to determine what your pay would have been for the period when you were on reduced contractual pay or no pay due to sickness or the period of ***relevant child related leave*** or ***reserve forces service leave***.

The ***assumed pensionable pay*** is calculated as the average of the ***pensionable pay*** you received for the 12 weeks (or 3 months if monthly paid) before the period of reduced pay or no pay for sickness or injury or before the start of the ***relevant child related leave*** or ***reserve forces service leave***. This figure is then grossed up to an annual figure and then divided by the period of time you were on reduced pay or no pay for sickness or injury or on ***relevant child related leave*** or ***reserve forces service leave.***

Automatic enrolment date
This is the earlier of:
- the day you reach age 22 provided you are earning more than £10,000 a year in the job, or
- the beginning of the pay period in which you first earn more than £10,000 in the job, on an annualised basis, provided you are aged 22 or more and under ***State Pension Age*** at that time.

Civil Partnership (Civil Partner)
A ***Civil Partnership*** is a relationship between two people of the same sex (***civil partners***) which is formed when they register as civil partners of each other.

Consumer Prices Index (CPI)
The ***Consumer Price Index (CPI)*** is the official measure of inflation of consumer prices in the United Kingdom. This is currently the measure used to adjust your ***pension account*** at the end of every ***scheme year*** when you are an active member of the scheme and, after you have ceased to be an active member, it is used to increase (each April) the value of your deferred pension in the scheme and any pension in payment from the scheme. The adjustment ensures your pension keeps up with the cost of living.

Eligible children
Eligible children are your children. They must, at the date of your death:
- be your natural child (who must be born within 12 months of your death), or
- be your adopted child, or
- be your step-child or a child accepted by you as being a member of your family (this doesn't include a child you sponsor for charity) and be dependent on you.

Eligible children must meet the following conditions:
- be under age 18, or
- be aged 18 or over and under 23 and in full-time education or vocational training (although the Pensions Service can continue to treat the child as an eligible child notwithstanding a break in full-time education or vocational training), or
- be unable to engage in gainful employment because of physical or mental impairment and either:
    - has not reached the age of 23, or
    - the impairment is, in the opinion of an independent registered medical practitioner, likely to be permanent and the child was dependent on you at the date of your death because of that mental or physical impairment.

Eligible cohabiting partner
An ***eligible cohabiting partner*** is a partner you are living with who, at the date of your death, has met all of the following conditions for a continuous period of at least 2 years:
- you and your cohabiting partner are, and have been, free to marry each other or enter into a ***civil partnership*** with each other, and
- you and your cohabiting partner have been living together as if you were husband and wife, or ***civil partners***, and
- neither you or your cohabiting partner have been living with someone else as if you/they were husband and wife or ***civil partners***, and
- either your cohabiting partner is, and has been, financially dependent on you or you are, and have been, financially interdependent on each other.

Your partner is financially dependent on you if you have the highest income. Financially interdependent means that you rely on your joint finances to support your standard of living. It doesn't mean that you need to be contributing equally. For example, if your partner's income is a lot more than yours, he or she may pay the mortgage and most of the bills, and you may pay for the weekly shopping.

On your death, a survivor's pension would be paid to your cohabiting partner if:

- all of the above criteria apply at the date of your death, and
- your cohabiting partner satisfies the Pensions Service that the above conditions had been met for a continuous period of at least 2 years immediately prior to your death.

You are not required to complete a form to nominate a cohabiting partner for entitlement to a cohabiting partner's pension. However, you can provide the Pensions Service with your cohabiting partner's details. The Pensions Service will require evidence upon your death to check that the conditions for a cohabiting partner's pension are met.

Eligible Jobholder

An ***eligible jobholder*** is a worker who is aged a least 22 and under ***State Pension Age*** and who earns more than the annual amount of £10,000.

Final pay

This is usually the pay in respect of your final year of scheme membership on which you paid contributions, or one of the previous 2 years if this is higher, and includes your normal pay, contractual shift allowance, bonus, contractual overtime (but not non-contractual overtime), Maternity Pay, Paternity Pay, Adoption Pay, and any other taxable benefit specified in your contract as being pensionable.

Normal Pension Age

Normal Pension Age is linked to your ***State Pension Age*** for benefits built up from April 2014 (but with a minimum of age 65) and is the age at which you can take the pension you have built up in full. If you choose to take your pension before your ***Normal Pension Age*** it will normally be reduced, as it's being paid earlier. If you take it later than your ***Normal Pension Age*** it's increased because it's being paid later.

You can use the Government's ***State Pension Age*** calculator (www.gov.uk/calculate-state-pension) to find out your ***State Pension Age***. Please note that this calculator does not include proposed changes to ***State Pension Age***.

Remember that your ***State Pension Age*** may change in the future and this would also change your ***Normal Pension Age*** in the LGPS for benefits built up from April 2014. Once you start drawing your pension any subsequent change to your ***State Pension Age*** will not affect your ***Normal Pension Age*** in the LGPS.

If you were paying into the LGPS before 1 April 2014 your final salary benefits retain their protected ***Normal Pension Age*** - which for most is age 65. However all pension benefits drawn on normal retirement must be taken at the same date i.e. you cannot separately draw your final salary benefits (built up before April 2014) at age 65 and your benefits built up in your ***pension account*** (built up from April 2014) at your ***Normal Pension Age*** (which for your benefits built up from April 2014 is linked to your ***State Pension Age***).

Pension Account
Each ***scheme year*** the amount of pension you have built up during the year is worked out and this amount is added into your active ***pension account***. Adjustments may be made to your account during the ***scheme year*** to take account of any transfer of pension rights into the account during the year, any additional pension you may have decided to purchase during the year or which is granted to you by your employer, any reduction due to a Pension Sharing Order or qualifying agreement in Scotland (following a divorce or dissolution of a ***civil partnership***) and any reduction due to an Annual Allowance tax charge that you have asked the scheme to pay on your behalf. Your account is then revalued to take account of the cost of living. This adjustment is carried out in line with the Treasury Revaluation Order index which, currently, is the rate of the ***Consumer Prices Index (CPI).***

You will have a separate ***pension account*** for each employment. That ***pension account*** will hold the entire pension built-up for that employment.

In addition to an active member's **pension account** there are also:
- a deferred member's ***pension account***;
- a deferred refund account;
- a retirement ***pension account***;
- a flexible retirement ***pension account***;
- a deferred pensioner member's account;
- a pension credit account; and
- a survivor member's account.

These accounts will be adjusted by any debits for any Pension Sharing Order or qualifying agreement in Scotland (following a divorce or dissolution of a ***civil partnership***) and for any Annual Allowance tax charge that you have asked the scheme to pay on your behalf.

Pensionable Pay
The pay on which you normally pay contributions is your normal salary or wages plus any shift allowance, bonuses, overtime (both contractual and non-contractual), Maternity Pay, Paternity Pay, Adoption Pay and any other taxable benefit specified in your contract as being pensionable.

You do not pay contributions on any travelling or subsistence allowances, pay in lieu of notice, pay in lieu of loss of holidays, any payment as an inducement not to leave before the payment is made, any award of compensation (other than payment representing arrears of pay) made for the purpose of achieving equal pay, pay relating to loss of future pensionable payments or benefits, any pay paid by your employer if you go on ***reserve forces service leave*** nor (apart from some historical cases) the monetary value of a car or pay received in lieu of a car.

Relevant Child Related Leave
Relevant child related leave includes periods of Ordinary Maternity, Adoption or Paternity Leave (normally first 26 weeks) and any periods of paid Additional Maternity, Adoption or Paternity Leave (normally after week 26 weeks up week 39).

Reserve Forces Service Leave
This occurs when a Reservist is mobilised and called upon to take part in military operations. The period of mobilisation can range from three months or less and up to a maximum of 12 months. During a period of ***reserve forces service leave*** you will continue to build up a pension based on the rate of ***assumed pensionable pay*** you would have received had you not been on ***reserve forces service leave***.

Scheme Year
The scheme year runs from 1 April to 31 March each year.

State Pension Age
This is the earliest age you can receive the state basic pension. ***State Pension Age*** is currently age 65 for men. ***State Pension Age*** for women is currently being increased to be equalised with that for men and will reach 65 by November 2018.

State Pension Age equalisation timetable for women

Date of Birth	New State Pension Age
Before 6 April 1950	60
6 April 1950 - 5 April 1951	In the range 60 - 61
6 April 1951 - 5 April 1952	In the range 61 - 62
6 April 1952 - 5 April 1953	In the range 62 - 63
6 April 1953 - 5 August 1953	In the range 63 - 64
6 August 1953 - 5 December 1953	In the range 64 - 65

The ***State Pension Age*** will then increase to 66 for both men and women from December 2018 to October 2020.

Increase in State Pension Age from 65 to 66 for men and women

Date of Birth	New State Pension Age
6 December 1953 - 5 October 1954	In the range 65 - 66
After 5 October 1954	66

Under current legislation the ***State Pension Age*** is due to rise to 67 between 2034 and 2036 and to 68 between 2044 and 2046. However, the government has announced plans to revise the legislation so that the date when the ***State Pension Age*** rises to 67 is between 2026 and 2028 and that rises above age 67 will be linked to increases in life expectancy. To find out your ***State Pension Age*** please visit https://www.gov.uk/calculate-state-pension.

Vesting Period
The ***vesting period*** in the LGPS is 2 years. You will meet the 2 years ***vesting period*** if:

- you have been a member of the LGPS in England and Wales for 2 years, or
- you have brought a transfer of pension rights into the LGPS in England or Wales from a different occupational pension scheme or from a European pensions institution and the length of service you had in that scheme or institution was 2 or more years or, when added to the period of time you have been a member of the LGPS is, in aggregate, 2 or more years, or
- you have brought a transfer of pension rights into the LGPS in England or Wales from a pension scheme or arrangement where you were not allowed to receive a refund of contributions, or
- you have previously transferred pension rights out of the LGPS in England or Wales to a pension scheme abroad (i.e. to a qualifying recognised overseas pension scheme), or
- you already hold a deferred benefit or are receiving a pension from the LGPS in England or Wales (other than a survivor's pension or pension credit member's pension), or
- you have paid National Insurance contributions whilst a member of the LGPS and cease to contribute to the LGPS in the tax year of attaining pension age,
- you cease to contribute to the LGPS at age 75, or
- you die in service.

Further information and disclaimer

This guide is for employees in England or Wales and reflects the provisions of the LGPS and overriding legislation from 1 April 2014.

The national web site for members of the LGPS who contribute to the scheme on or after 1 April 2014 can be found at www.lgps2014.org.

This guide cannot cover every personal circumstance. For example, it does not cover all ill health retirement benefits. Nor does it cover rights that apply to a limited number of employees e.g. those whose total pension benefits exceed the lifetime allowance (£1.25 million in 2014/15), those whose pension benefits increase in any tax year by more than the annual allowance (£40,000 in 2014/15), those to whom protected rights apply, those whose rights are subject to a pension sharing order following divorce or dissolution of a civil partnership. In the event of any dispute over your pension benefits the appropriate legislation will prevail. This short guide does not confer any contractual or statutory rights and is provided for information purposes only.

Contact Us

If you would like any further information about any of the topics raised in this guide please do not hesitate to contact us.

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