

A brief guide to the Local Government Pension Scheme (LGPS)

Employees in England and Wales



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 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 pensionable 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 (currently measured by the Consumer Prices Index (CPI))

Flexibility to pay more or less contributions –

you can boost your pension by paying more contributions, which you would get tax relief on. You also 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.

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.

If you ever become seriously

ill and you've met the 2 year 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 (NPA) in order to take your pension as, once you've met the 2 year vesting period, you can choose to retire and draw your pension at any time between age 55 and 75.

Your NPA 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 NPA it will normally be reduced, as it's being paid earlier. If you take it later than your NPA, it's increased because it's being paid later.

Redundancy and Efficiency retirement –

if you're made redundant or retired in the interests of business efficiency at or after age 55 you'll, provided you've met the 2 year vesting period, receive immediate payment of the benefits you've built up (but there would be a reduction for early payment of any additional pension you have chosen to buy).

Partial 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 year vesting period, draw some or all of the benefits you've built up. This will help 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). The LGPS was contracted out of the State Second Pension scheme (S2P) until 5 April 2016; from 6 April 2016 the 'contracted out' status ceased to exist for all pension schemes due to the introduction of the single tier State Pension. 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. Only employees of the Environment Agency, Natural

Resource Wales and SSCL Ltd who were transferred from the Environment Agency are eligible to join the LGPS.

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

If you're brought into the scheme you've the right to opt out. You cannot complete an opt out form until you've 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've more than one) 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 rejoin at a later date?

Yes you can opt out of the scheme but if you're 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'll be treated as never having been a member and your employer will refund your contributions to you through your pay.

If you opt out of the LGPS with 3 or more months membership and before completing the 2 year 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 year vesting period you'll have deferred benefits in the scheme and will generally have the same options as anyone leaving their job before retirement, except you cannot draw your deferred benefits unless you have left your job.

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

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 unless they choose not to automatically enrol you because:

- . you had opted out within the last 12 months
- . you had given notice within the last 6 weeks that you were terminating your employment

What do I pay?

Your contribution rate depends on how much you're 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. When you join, and every April afterwards, your employer will decide your contribution rate. Also, if your pay changes throughout the year, your employer may decide to review your contribution rate.

Here are the pay bands and the rates that apply from April 2018:

Contribution table 2018/19	
If your actual pensionable pay is:	You pay a contribution of:
Up to £14,100	5.5%
£14,101 to £22,000	5.8%
£22,001 to £35,700	6.5%
£35,701 to £45,200	6.8%
£45,201 to £63,100	8.5%
£63,101 to £89,400	9.9%
£89,401 to £105,200	10.5%
£105,201 to £157,800	11.4%
£157,801 or more	12.5%

The 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 pensionable pay. 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 (2018/19), you may have to pay a tax charge. Most people will not be affected by the annual allowance.

Does my employer contribute?

Your employer currently 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 gives members with the option 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 Contributions (AVC) arrangement. We can give you more information on these options. Contact details are at the end of this guide.

You're 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 rejoin the LGPS?

If you rejoin the LGPS and you have deferred benefits in an LGPS fund in England and Wales (which you were awarded other than as a result of electing, on or after 11 April 2015, to opt out of membership of the scheme) 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 have deferred benefits in an LGPS fund in England or Wales which you were awarded as a result of electing, on or after 11 April 2015, to opt out of membership of the scheme, you cannot join those benefits with your new active pension account. They will remain as a separate deferred benefit. 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've paid into another non LGPS pension arrangement or to the LGPS in Scotland or Northern Ireland, you may be able to transfer your previous pension rights into the LGPS (provided you're 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 pension fund allows you longer.

What if I'm already receiving an LGPS pension - will it be affected?

If you're already drawing a pension from the scheme, some or all of which you built up before 1 April 2014, and you're 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're drawing a pension from the scheme, all of which you built up after 31 March 2014, and you're 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're in receipt of an ill health pension that is stopped if you're 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'll be placed in the main section of the scheme. However, once you're a member of the scheme you'll 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 your employer. If you've 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're 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're 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're 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) 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

We can give you more information on the first two options.

Contact details are at the end of this guide.

Your Pension

Your benefits are made up of:

- An annual pension that, after leaving, is revalued 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'll build up a pension at a rate of 1/49th of the amount of pensionable pay you received in that scheme year if you're in the main section of the scheme (or half this rate of build up for any period you've 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 (other than during any part of relevant child related leave where the pensionable pay you received was higher than 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 were paying into the LGPS on 31 March 2012 and were within 10 years of age 65 at 1 April 2012, you may qualify for an additional protection called the underpin. If you are covered by the underpin, you'll 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.

The underpin can also apply if you were:

- A contributing member of another public service pension scheme on 31 March 2012, and
- You were within 10 years of that scheme's protected normal pension age (NPA) on 1 April 2012, and
- If you subsequently join the LGPS and transfer your pension benefits from the other public service pension scheme into the LGPS.

If you're covered by the underpin a calculation will be performed at the date you cease to contribute to the Scheme, or at your protected NPA if earlier, to check that the pension you've built up (or, if you've 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.

More information on the underpin is available www.lgpsmember.org/more/underpin.php

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 (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 (other than during any part of relevant child related leave where the pensionable pay you received was higher than 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'll 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 £257,500 (2018/19 figure), or if you have previously taken payment of (crystallised) pension benefits, 25% of your

remaining lifetime allowance. 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.

Scheme year	Opening balance	Pension build up in scheme year (Pay / Build up rate = Pension)	Total account 31 March	Cost of living revaluation adjustment	Updated total account
1 2014/15	£0.00	£24,500 / 49 = £500.00	£500.00	1.2% = £6	£500.00 + £6.00 = £506.00
2 2015/16	£506.00	£24,745 / 49 = £505.00	£1,011.00	-0.1% = -£1.01	£1,011.00 + -£1.01 = £1,009.99
3 2016/17	£1,009.99	£24,992.45 / 49 = £510.05	£1,520.04	1% = £15.20	£1,520.04 + £15.20 = £1,535.24
4 2017/18	£1,534.24	£25,242.37 / 49 = £515.15	£2,050.39	3% = £61.51	£2,050.39 + £61.51 = £2,111.90
5 2018/19	£2,111.90	£25,494.79 / 49 = £520.30	£2,632.20	2% = £52.64	£2,632.20 + £52.64 = £2,684.84

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. The cost of living (revaluation adjustment) for the end of the scheme years ending 31 March 2015, 31 March 2016, 31 March 2017 and 31 March 2018 is 1.2%, -0.1%, 1% and 3% respectively. Let's assume that the cost of living (revaluation adjustment) for the following year is 2%.

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 choose to take all of your AVC fund as a tax free lump sum provided, when added to your 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 doesn't exceed £257,500 (2018/19 figure) or if you have previously taken payment of

(crystallised) pension benefits 25% of your remaining lifetime allowance.

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've met the 2 year vesting period in the scheme.

The normal pension age (NPA) in the LGPS is linked to your state pension age (SPA) (but with a minimum of age 65). If the SPA changes in the future then this change will also apply to your NPA for benefits built up after 31 March 2014.

If you choose to take your pension before your NPA it will normally be reduced, as it's being paid earlier. If you take it later than your NPA 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've met the 2 year 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 NPA you can defer drawing your benefits but you must draw them before age 75.

If you built up membership in the LGPS before 1 April 2014 then you'll have membership in the final salary scheme. These benefits have a

different NPA, which for most is age 65.

Will my pension be reduced if I voluntarily retire before my NPA?

If you choose to retire before your NPA 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 of your benefits paid early could be protected from the reduction if you have 85 year rule protection.

What if I lose my job through redundancy or business efficiency?

If you're aged 55 or over you'll be entitled to the immediate unreduced payment of your LGPS benefits, provided, you've met the 2 year 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 NPA (to take account of the additional pension being paid for longer).

Also if you've 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 NPA 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 year 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'll be permanently unable to do your own job until your NPA and that you're 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're 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 partial retirement. From age 55, if you reduce your hours or move to a less senior position, and provided you've met the 2 year vesting period in the scheme and your employer agrees, you can draw some or all of the pension benefits you've built up, helping you ease into retirement. If you take partial retirement before your NPA 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 partial 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. Partial 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 (NPA)?

If you carry on working after your NPA you'll continue to pay into the LGPS, building up further benefits. When you eventually retire you'll 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 is revalued in line with the cost of living every year throughout your retirement. As the cost of living increases, so will your pension. If you're retired from your local government employment on ill health grounds, your pension is increased each year regardless of your age (unless retiring from deferred status and capable of regular employment). Your pension will never be reduced even if the cost of living goes down.

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 lumpsum 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 the pensionable pay (or assumed pensionable pay where applicable) you received each year of your membership in the scheme after 31 March 2014, plus 49/160^{ths} 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 NPA.

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.

For 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're 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 a 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 on during the period of your membership in the scheme after 31 March 2014 (plus 49/160th of any enhancement given if retirement had been on ill health grounds), plus 49/160^{ths} 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 an eligible cohabiting partner this pension is based on the period of membership after 5 April 1988 (plus 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, less than 10 years pension has been paid and you're 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 you chose to take at retirement.

There is a slight modification to this calculation for any part of the pension you are drawing which relates to a membership prior to 1 April 2014.

If you're receiving a pension and are also a contributing 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 a married couple, or civil partners, and
- Neither you or your cohabiting partner have been living with someone else as if you/they were a married couple or civil partners, and
- Either your cohabiting partner is, and has been, financially dependent on you or you're, 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 EAPF that the above conditions had been met for a continuous period of at least 2 years immediately prior to your death.

Who is the lumpsum 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 an expression of wish form.

This form is available from www.eapf.org.uk or from Capita.

The EAPF, however, retains absolute discretion when deciding on who to pay any death grant to. You can find out how to contact the pension fund 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 year vesting period you'll have built up an entitlement to a pension.

You'll 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 be revalued 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 have not met the 2 year vesting period you'll have three options:

- You'll 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 rejoin 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 year vesting period you'll normally be able to take a refund of your contributions.

There will be a deduction for tax. 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 (NPA) and you meet the 2 year vesting period you'll 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 NPA, but:

- They may be put into payment earlier and in full if, because of ill health, you're permanently incapable of doing the job you were working in when you left the LGPS and you're unlikely to be capable of undertaking any gainful employment within 3 years of applying for the benefit, or by your NPA, 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 NPA and defer drawing them until some time later (although they must be paid by age 75).

Benefits paid earlier than your NPA, 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 NPA 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 a contributing 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 an 'Expression of Wish' form.

This form is available from www.eapf.org.uk or from Capita. You can find out how to contact the pension fund at the end of this guide. The EAPF, 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, a 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 for the period of your membership in the scheme after 31 March 2014, plus 49/160^{ths} 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 or enter into a civil partnership after leaving in which case it could be less. For 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're entitled to deferred benefits from the job (or jobs) you've left, your deferred benefits from the job that has ended are automatically transferred to the active pension account for the job you're 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 leaving the LGPS, unless your employer allows you longer.

If you're not entitled to deferred benefits from the job (or jobs) you've left, you cannot have a refund of your contributions and you must transfer your benefits to the pension account for the job you're continuing in.

Transferring your benefits

If you leave the scheme and you're 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 with less than 3 months membership or (other than in respect of Additional Voluntary Contributions (AVCs)), or if you leave less than one year before your normal pension age (NPA). An option to transfer must be made at least 12 months before your NPA.

Your new pension provider will require a transfer value quotation which, under the provisions introduced by the Pensions Act 1995, your pension fund 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 rejoining 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've less than two years membership) then this deferred refund must be joined with your new active pension account in the scheme.

Transferring your benefits to a defined contribution scheme

Flexible benefits were introduced by the Government from 6 April 2015 to allow members of defined contribution schemes, who are over age 55, more freedom on how they take money from their pension pot.

The LGPS is not a defined contribution pension scheme (it is a defined benefit scheme) and as such, it is not directly affected by these changes. However, if you stop paying into the LGPS and you have three or more months' membership, then unless you're retiring with immediate effect due to redundancy, business efficiency or ill health, you'll have the right to transfer your LGPS pension to a defined contribution scheme providing flexible benefits.

Please note that you'll be required by law to take independent financial advice if the value of your pension benefits in the LGPS (excluding AVCs) is more than £30,000.

You're not required to take independent financial advice if the value of your benefits is less than £30,000. However, transferring your pension rights is not always an easy decision to make and seeking the help of an independent financial adviser before you make a decision to transfer could help you in making an appropriate decision.

There are four main options for members, aged over 55, who are in a defined contribution scheme which provides flexible benefits including:

- Purchasing an annuity
- Flexi-access drawdown
- Taking a number of cash sums at different stages
- Taking the whole pot as cash in one go

Keep in touch – remember to let the pension fund know if you move house.

Help with pension problems

Who can help me if I have a query or complaint?

If you're in any doubt about your benefit entitlements or have a problem or question about your LGPS membership or benefits, please contact Capita. 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're in.

If you're 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're 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're dissatisfied with that person's decision, (or their failure to make a decision) you may apply to the EAPF to have it reconsidered.

A leaflet explaining the Internal Disputes Resolution Procedure including relevant time limits is available from www.eapf.org.uk or from Capita.

- **The Pensions Advisory Service (TPAS)**

TPAS provide independent and impartial information about pensions, free of charge, to members of the public. TPAS is available to

assist members and beneficiaries of the scheme with any pension query they have or any general requests for information or guidance concerning their pension benefits. TPAS can be contacted at:

11 Belgrave Road
London
SW1V 1RB

Telephone: 0800 011 3797

Website:

www.pensionsadvisoryservice.org.uk

- **The Pensions Ombudsman (TPO)**

TPO deals only with pension complaints. It can help if you have a complaint or dispute about the administration and /or management of personal and occupational pension schemes.

You have the right to refer your complaint to the TPO free of charge. There is no financial limit on the amount of money that TPO can make a party award you. Its determinations are legally binding on all parties and are enforceable in court.

Contact with the TPO about a complaint needs to be made within three years of when the event(s) you are complaining about happened – or, if later within three years of when you first knew about it (or ought to have known about it). There is a discretion for those time limits to be extended. TPO can be contacted at:

10 South Colonnade
Canary Wharf
E14 4PU

Telephone: 0800 917 4487

Website:

www.pensionsombudsman.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. If you have a concern about your workplace pension you can contact them at:

Telephone: 0345 600 7060

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've 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 9
Mail Handling Site A
Wolverhampton
WV98 1LU

Telephone: 0800 731 0193

Website:

www.gov.uk/find-lost-pension

Don't forget to keep your pension providers up to date with any changes 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 pension fund with the assumed pensionable pay you would've received during that time.

A calculation is carried out by your employer to determine what your pay would've 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. If the pay you receive in the 12 weeks (or 3 months if monthly paid) before the pay period in which you went on to reduced pay or no pay is materially lower than the pay you would normally receive, your employer has a discretion to use a higher pay in the calculation. Your employer must have regard to the pensionable pay you earned over the previous 12 months when determining what your normal level of pensionable pay is.

Once the average pay has been determined 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.

Assumed pensionable pay is also used to work out any enhancement to your pension awarded as a result of ill health retirement, any lump sum death grant following death in service,

and any enhancement which is included in survivor benefits following death in service.

The assumed pensionable pay for these purposes is calculated as the average of the pensionable pay you received for the 12 weeks (or 3 months if monthly paid) before you died in service or before you left employment due to ill health retirement.

Again, if the pay you receive in the 12 weeks (or 3 months if monthly paid) before you died in service or before you left employment due to ill-health retirement is lower than the pay you would normally receive, your employer has a discretion to use a higher pay in the calculation. Your employer must have regard to the pensionable pay you earned over the previous 12 months when determining what your normal level of pensionable pay is.

In calculating the average, any reduction due to authorised leave of absence or due to a trade dispute is ignored.

Also, where an independent registered medical practitioner certifies that, during the period used to determine assumed pensionable pay, you were working reduced contractual hours because of the ill health which led to your retirement or death in service, the assumed pensionable pay is to be calculated on the pay you would have received during that period had you not been working reduced contractual hours. The resulting figure is then grossed up to an annual figure.

Automatic enrolment date

This is the earlier of:

- The day you reach age 22 provided you're earning more than £10,000 a year (2018/19 figure) in the job, or
- The beginning of the pay period in which you first earn more than £10,000 (2018/19 figure) in the job, on an annualised basis, provided you're aged 22 or more and under state pension age (SPA) 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 used to adjust your pension account at the end of every scheme year when you're a contributing member of the scheme and, after you've ceased to be a contributing member, it is used to adjust (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 EAPF 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're 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 a married couple, or civil partners, and
- Neither you or your cohabiting partner have been living with someone else as if you/they were a married couple or civil partners, and
- Either your cohabiting partner is, and has been, financially dependent on you or you're, 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 the date of your death, and
- Your cohabiting partner satisfies the EAPF that the above conditions had been met for a continuous period of at least 2 years immediately prior to your death.

You're not required to complete a form to nominate a cohabiting partner for entitlement to a cohabiting partner's pension. However, you can provide the EAPF with your cohabiting partner's details. The EAPF 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 at least 22 and under state pension age (SPA) and who earns more than the annual amount of £10,000 (2018/19 figure).

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, Shared Parental Pay and any other taxable benefit specified in your contract as being pensionable.

Normal Pension Age (NPA)

Your NPA is linked to your state pension age (SPA) 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've built up in full. If you choose to take your pension before your NPA it will normally be reduced, as it's being paid earlier. If you take it later than your NPA 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 SPA. Please note that this calculator does not include proposed changes to SPA.

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

If you were paying into the LGPS before 1 April 2014 your final salary benefits retain their protected NPA, 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 NPA (which for your benefits built up from April 2014 is linked to your SPA).

Pension Account

Each scheme year the amount of pension you've 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've 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'll have a separate pension account for each employment. That pension account will hold the entire pension built up for that employment.

In addition to a contributing member's pension account there are also:

- A deferred member's pension account
- A deferred refund account
- A retirement pension account
- A partial 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've asked the Scheme to pay on your behalf. These accounts are currently revalued each April in line with CPI.

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, Shared Parental 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 shared parental leave (normally first 26 weeks), paternity leave and any periods of paid additional maternity or, adoption leave (normally after week 26 weeks up to week 39) or shared parental leave.

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'll 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 (SPA)

This is the earliest age you can receive the state basic pension. The SPA is currently age 65 for men. The SPA for women is currently being increased to be equalised with that for men and will reach 65 by December 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 SPA 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 SPA is due to rise to 67 between 2026 and 2028 and to 68 between 2044 and 2046. However, the government has announced plans to bring forward the rise to age 68 to between 2037 and 2039.

Vesting Period

The vesting period in the LGPS is 2 years.

You'll meet the 2 year vesting period if:

- You've been a member of the LGPS in England and Wales for 2 years, or
- You've 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've been a member of the LGPS is, in aggregate, 2 or more years, or
- You've brought a transfer of pension rights into the LGPS in England or Wales from a pension arrangement where you were not allowed to receive a refund of contributions, or
- You've 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 stop contributing 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 as at August 2018.

The national web site for members of the LGPS is www.lgpsmember.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 (£1,030,000 in 2018/19), those whose pension benefits increase in any tax year by more than the annual allowance (£40,000 in 2018/19 or for high earners, the tapered annual allowance), 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.

More detailed information about the scheme is available from:

Contact details

If you have any questions regarding your pension entitlement you can contact our pension administrator, Capita, by:

 Using the 'Contact the EAPF' button on the website at www.eapf.org.uk

 Emailing info@eapf.org.uk

 Following on twitter [@EAPensionFund](https://twitter.com/EAPensionFund)

 Calling **0800 121 6593**

 Sending your query to
Capita
11b Lingfield Point
Darlington, DL1 1AX