

## **Local Government Pension Scheme 2014**

**A pension scheme for new and  
potential members.**

*This leaflet gives a brief outline of the benefits of membership of the Local Government Pension Scheme. Further information can be obtained from the Pensions Section at the address shown overleaf.*

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### **Who can join the Scheme?**

All employees aged under 75 who have a contract of employment for a duration of at least three months, other than Teachers, are eligible to join the scheme regardless of the number of hours worked. **You will automatically be brought into the pension scheme unless you elect not to join**

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### **What are the pension choices available?**

There are three options available, these are:

1. **S2P** - this is the State Second Pension Scheme (formerly known as 'SERPS') and will provide a pension as a "top-up" to the basic state pension. By choosing this option you are relying on the State to provide your retirement benefits.

2. **Personal Pension Scheme / Stakeholder Pension Scheme** - these are now available in addition to membership of the LGPS. You choose the company to provide the pension policy and then pay contributions direct to them.

3. **The LGPS** - You pay contributions from your wages/salary and the Council also contribute. The scheme provides a wide range of guaranteed benefits.

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### **How much will it cost?**

You will pay contributions of between 5.5% and 12.5% of your gross actual pay. All contributions attract full tax relief. The employer's contribution to the scheme is

variable, ensuring that the fund is sufficient to pay the required level of benefits. As a member of a contracted-out pension scheme you also pay lower national insurance contributions.

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### **Can I pay less?**

You can elect to pay half your normal contribution, to receive half the level of pension in return for this period. This is known as the 50/50 Section. You would retain full ill health and death cover during this time. If you wish to elect for the 50/50 option, you will need to request an election form from your Employer. When you wish to come back into the 'Main Section', you will then need to complete another form. Please note that this is a short term option for use during periods of financial hardship.

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### **What benefits does the scheme provide?**

- lump sum death in service grant of three times annual pay.
- A monthly pension payable on retirement, which will increase regularly once in payment.
- An option for a lump sum by giving up some pension
- A pension for your spouse, civil partner or co-habiting partner in the event of your death.
- A pension for children under age 17 (or up to 23 if still in full time education) in the event of your death.
- Provision for early payment of benefits if forced to retire through ill-health.

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### **At what age am I eligible to retire?**

Immediate payment of pension benefits may be made from age 55 to State Pension Age (SPA). If you are aged under SPA your benefits may be paid at a reduced rate.

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## Can I transfer previous pension rights?

Benefits that you have previously accrued in the LGPS or in other pension arrangements can be transferred into the LGPS. An option to transfer must be made within 12 months of joining or such longer period as your Employer allows. To find out more, please contact your Employer.

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## What if I leave before retirement age?

### Leaving with less than 2 Years service:

If you leave the LGPS with less than 2 years total membership, have not brought a transfer into the LGPS and do not already have a deferred benefit in the LGPS in England or Wales, you may take a refund of your contributions, less any deductions for tax and the cost of buying you back into the State Second Pension scheme (S2P).

### Leaving with more than 2 Years service:

Your pension will be held in the fund until retirement age, being increased in line with inflation. You may elect to transfer your benefits to another pension arrangement, at any time.

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## How are benefits calculated?

Every year, you will build up a pension that is equal to 1/49th of the pensionable pay that you have received in that scheme year (from 1 April to 31 March). Your pensionable pay is the amount of pay on which you pay your pension contributions. If you have elected to join the 50/50 section of the scheme, the rate at which your pension builds will be half this rate i.e. 1/98th of your pensionable pay. The pension that you build up from 1 April to 31 March is then added to your pension account and is revalued in line with the appropriate cost of living index each April.

You may exchange some of your pension (at the rate of £1:£12) for a tax-free lump sum. Further details on the calculation of benefits are given in the "guide to the pension scheme".

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## What do I need to do now?

If you are a new employee, you will automatically be brought into the scheme, unless you are aged 75 or over or employed on a contract of less than 3 months duration. If you do not wish to join the scheme, please ensure that you return a pension opt-out form (available to download from the Pension Scheme website), as soon as possible following the commencement of your employment.

If you opt out of the LGPS or opt to join the "50/50 Section" of the scheme, please note that your employer may **automatically enrol** you back into the Main Section of the LGPS in order to comply with the automatic enrolment provisions under the Pensions Act 2008, and at certain other times. Your employer must notify you if this happens. You would have the right to opt out of the LGPS / LGPS Main Section again.

If you are not a new employee and you wish to join the scheme, please complete a pension option form indicating that you wish to join. (form available from our website)

**REMEMBER:** you must complete a previous service declaration form within 12 months of joining, as mentioned in Question 7, if you are interested in transferring your previous pension rights.

*If you would like further information regarding the Scheme, please visit our website*

[www.powyspensionfund.org](http://www.powyspensionfund.org)

*or contact us at*

*email: [pensions@powys.gov.uk](mailto:pensions@powys.gov.uk)*

*Pension Section,  
County Hall,  
Llandrindod Wells,  
Powys  
LD1 5LG*



