

## Leavers without an immediate entitlement to benefits

### Refunds of Contributions

If you leave with less than three months total membership and have not brought a transfer into the LGPS, 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).

### Preserved benefits

If you leave before your normal retirement date (usually age 65) and your total membership is three months or more, or you have transferred other pension rights into the LGPS, you will be entitled to preserved benefits within the LGPS.

Unless you decide to transfer your preserved benefits to another pension scheme the preserved benefits will become payable at your normal retirement date (usually age 65), but may be put into payment earlier, and in full, in the event of permanent ill health. You can also elect to receive preserved benefits early, at or between the ages of 55 and 59 with

your employer's consent, or at or after age 60, without your employer's consent, but benefits paid early may be subject to a reduction.

### Transferring your benefits

If you leave the scheme before your retirement date you may transfer the cash equivalent of your pension benefits into a new employer's scheme if they are willing and able to accept it, a Personal or Stakeholder pension scheme, or into a 'buy-out' insurance policy. The method of valuing the cash equivalent of your pension rights complies with the requirements of the Pension Schemes Act 1993 and any value quoted is guaranteed for three months.

Alternatively, if you return to employment with an employer participating in the LGPS, then you may elect for the pension rights that you have built up to be added to your new period of membership in the scheme. Such an election must be made within twelve months of re-joining the scheme or such longer period as your employer allows.

More detailed information about the Scheme is available by

### Telephone

0116 305 8374

0116 305 7654

0116 305 6944

### e-mail

pensions@leics.gov.uk

The Pensions Section can be contacted at:



**Pensions Section**  
County Hall  
Eastern Annexe  
Glenfield  
Leicestershire  
LE3 8SR

# The new look Local Government Pension Scheme 2008 (LGPS)

## A short guide to the scheme

This leaflet is a brief guide to the Scheme and cannot cover every personal circumstance. In the event of any dispute over your pension benefits, the appropriate legislation will prevail. This leaflet does not confer any contractual or statutory rights and is provided for information purposes only.

If you require this information in an alternative version such as large print, Braille, Word document or help in understanding it in your language, please call 0116 305 6945.

Leicestershire County Council  
**PENSION FUND**

## How can I trace my pension rights?

The Pensions Scheme Registry holds details of pension schemes, including the LGPS, together with relevant contact addresses. The purpose of the Registry is to provide a tracing service for ex-members of schemes with pension entitlements (and their dependants), who have lost touch with previous employers. All occupational and personal pension schemes have to register if the pension scheme has current members contributing into their scheme or people expecting benefits from the scheme. If you need to use this tracing service please write to the Pensions Tracing Service at:

**The Pension Tracing Service**  
The Pension Service  
Tyneview Park  
Whitley Road  
Newcastle NE98 1BA  
Telephone 0845 6002 537

Also, don't forget to keep your pension providers up to date with any change in your home address.



## The Scheme

### The Scheme

This is a short description of the conditions of membership and main scheme benefits that apply under the LGPS.

### What kind of scheme is it?

The LGPS is a tax approved, defined benefit occupational pension scheme. The benefits under the scheme are based on the length of your membership and your final salary. It is very secure because the benefits are set out in law. Your alternatives are to take out a Personal or Stakeholder Pension arrangement or to rely on the State Pension Scheme.

### Who can join?

The LGPS is available to all employees under the age of 75 in Local Government, or in other organisations that have chosen to participate in it. Teachers, police and firefighters are not allowed to join.

If you become employed in Local Government (other than Town and Parish Councils) with a contract for at least 3 months, you will automatically become a member of the LGPS unless you opt not to join. If you choose to opt out of the scheme, your election to do so must be made within the first 3 months of your employment to enable a refund of any contributions already deducted to be paid to you. A refund cannot be made if you have been in employment for more than 3 months.

If you become employed by a non-local government organisation your employer may automatically bring you into the scheme, but you will have the right to opt out of membership, or your employer may have a policy under which you have to make an election to join the scheme.

### Can I opt-out of the LGPS and re-join the LGPS at a later date?

You can leave the LGPS at any time by giving your employer notice in writing. If you opt-out, you can re-join the LGPS. You may wish to obtain independent financial advice before you make a decision to opt-out of the LGPS though.

### What do I pay?

Your contribution is based on your full time equivalent pensionable earnings. The contribution rates range from 5.5% to 7.5%. The higher the earnings the higher the contribution rate. 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). For the duration of your membership of the LGPS you will, prior to State Pension Age, pay reduced National Insurance contributions and will not earn any benefits under the State Second Pension Scheme.

### Does my employer contribute?

Your employer pays the balance of the cost of providing your benefits. Every three years an independent review is undertaken to calculate how much your employer should contribute to the Scheme.

### Can I pay more to increase my benefits?

You can make additional payments to increase your retirement benefits. You can do this, either by purchasing extra pension in the LGPS (up to a maximum of £5,000), by making payments to the scheme's Additional Regular Contributions (ARCs) arrangement or the In House Additional Voluntary Contribution (AVCs) arrangement.

### Can I transfer pension benefits into the LGPS?

Generally speaking, benefits that you have previously accrued in the LGPS or in other Public Sector Transfer Club Schemes can be transferred and will buy membership in the LGPS. An option to transfer your pension rights into the LGPS must be made within twelve months of joining or such longer period as your employer allows. If you have benefits you wish to consider transferring you must let the Pensions Section know.

## Retirement

### When can I retire?

You can retire and receive your LGPS benefits in full once you have attained your normal retirement date, usually age 65. The Scheme also makes provisions for the early payment of your LGPS benefits subject to potential deductions.

### What are my retirement benefits?

When you retire, you will receive a pension and the opportunity to provide a tax-free lump sum from the LGPS by converting some of that pension.

### Can I retire early?

If you have at least three months membership or have transferred other pension rights into the LGPS, you can elect to retire and receive your LGPS benefits from age 60 onwards, subject to potential reductions. You may also elect to retire and receive your LGPS benefits between and including the ages of 55 and 59, but only if your employer gives their consent. This is an employer discretion, in respect of which they must publish a policy statement.

### What if my employer retires me on grounds of redundancy?

If you are aged 55 or over and have at least three months total membership in the scheme or have transferred other pension rights into the LGPS, you will be entitled to the immediate unreduced payment of your LGPS benefits.

### What happens if I have to retire early due to ill health?

If you have to leave work at any age due to permanent ill health the scheme provides a tiered ill health retirement package. This could give you increased benefits, paid straight away, if you are unlikely to be capable of gainful employment either at all, or within a reasonable time after you leave.

## The Benefits

### How much will my pension be?

Your pension is based on your length of total membership in the scheme and the pensionable pay you received in respect of, normally, your final year of service. If you are part-time, your scheme membership will count at its part-time length when working out your pension and your final pay is increased to what you would have received had you been full-time. Your value of your pension is calculated by dividing your final pay by 60 and multiplying this figure by your total membership.

### How much will my lump sum be?

At retirement you will be given the option of providing a lump sum by exchanging part of your pension at a rate of £12 for each £1 of pension given up. There is however a maximum amount that can be commuted in this way.



### Will my pension increase?

The LGPS provides statutory pension increases. This means that after age 55, your pension will be increased each year in line with the Retail Prices Index. If you retire before age 55, the accumulated effect of inflation since you retired will be added to your pension when you reach age 55. Most ill health pensions though are increased each year in line with the Retail Prices Index regardless of age.

## Protection for your family

### What benefits will be paid if I die?

If you die in service as a member of the LGPS, subject to the certain qualifying conditions, the benefits shown below are payable.

- A widow's , widower's, civil or nominated partner's pension equal to 37.5% of the pension you would have received if you had retired on health grounds
- Pensions for eligible children
- A lump sum death grant of 3 years pay

If you die after retiring on pension, a widow's or widower's pension and pensions for eligible children are payable. The spouse's pension is equal to 37.5% of your pension unless you marry after retirement in which case the spouse's pension could be less. A death grant is only payable if less than ten years pension has been paid before age 75, in which case the balance of 10 years of pension is paid as a lump sum.

The LGPS allows you to say who you would want any death grant to be paid to by completing an expression of wish form. A form is available from the Pensions Section at the address shown at the end of this guide. The Scheme's administering authority, however, retains absolute discretion when deciding who to pay any death grant to.