

## Joining the Local Government Pension Scheme (LGPS) 2014 – Starter Information

---

Please read this leaflet, including the information about how to complete the forms

*Please complete and return the 'LGPS / New Member – A Highly Valued Benefit' form AS SOON AS POSSIBLE. Failure to do so may result in the provision of incorrect pension benefits.*

A short introduction to the LGPS 2014 Scheme is included in this starter pack. If you require more detailed information, please visit our website for a full Scheme Guide.

This booklet is for general use, so it cannot cover every personal circumstance. It does not give you any rights under contract or statute law. If there is any dispute over your pension benefits, the LGPS rules will apply.

If you need further information about the LGPS, you should contact:

Pensions Team, Business Centre,  
Isle of Wight Council, County Hall, High Street, Newport, Isle of Wight PO30 1UD

Email: [pensions@iow.gov.uk](mailto:pensions@iow.gov.uk)

Tel: 01983 823626

Website: <http://www.iwight.com/council/OtherServices/Pensions-IWC>

## Introduction to the Local Government Pension Scheme 2014

- The LGPS 2014 is a Career Average Revalued Earnings Scheme (CARE) with guaranteed defined benefits.
- You will get valuable life cover, with a lump sum of 3 years pay if you die in service as well as cover for your family with pensions for dependants if you die and,
- Ill-health cover for you, should you be unable to work due to ill-health
- You continue to receive tax relief on contributions to the LGPS as well as paying reduced National Insurance contributions.
- You can give up some of your pension to get a tax free cash lump sum when you draw your benefits.
- Your employer will continue to contribute to the scheme. On average they contribute twice as much as you do to ensure you get an excellent pension when you retire.
- There are 9 rates ranging from 5.5% to 12.5% in the main section of scheme (there are another 9 rates for those members who are in the 50/50 section ... where you pay half your normal rate of contributions.
- The amount you pay depends on your actual rate of pensionable pay. Your employer will decide the rate that you pay. This means if you are part-time you only pay contributions on your actual earnings.
- You also have greater flexibility about the contributions you pay, with the 50/50 section option to pay less contributions and receive reduced benefits.
- You can also elect to pay more contributions to buy extra pension, known as Additional Pension Contributions (APCs) and you continue to have the option to take out an Additional Voluntary Contributions (AVC).

## Who can join

- The LGPS 2014 is open to most employees in local government and other organisations who have chosen to participate.
- You can join at any age up to two days before your 75<sup>th</sup> birthday.
- You can carry on contributing towards other schemes such as a personal pension plan or stakeholder pension scheme

## What does it Cost

Contribution rates that apply from 1 April 2019 are as follows:

<b>Band</b>	<b>Actual Pensionable Pay</b>	<b>Contribution rate</b>
1	Up to £14,400	5.5%
2	£14,401 to £22,500	5.8%
3	£22,501 to £36,500	6.5%
4	£36,501 to £46,200	6.8%
5	£46,201 to £64,600	8.5%
6	£64,601 to £91,500	9.9%
7	£91,501 to £107,700	10.5%
8	£107,701 to £161,500	11.4%
9	£161,501 or more	12.5%

## **50/50 Scheme Option**

The option to pay less contributions is known as the 50/50 section. You can elect for this option at any time and pay half your normal contributions to build up half your normal pension.

It has been introduced in the scheme to encourage members who might otherwise opt-out because of financial difficulties to stay in the scheme and save for retirement. Because of this, **joining the 50/50 section is seen as a short-term option.**

Anyone can elect to join this section and **you must elect in writing to do so.** If you do elect to join you will start paying half contributions from your next available pay period and, for the period of time you are in the 50/50 section, you will build up half the pension you otherwise would have done. The amount of life cover and ill health cover you get from the Scheme are unaffected. If you have more than one job you can choose 50/50 for one, some or all your jobs. You can remain in the 50/50 section for up to 3 years. Your employer has to bring you back into the main section of the scheme whenever your 3 yearly automatic re-enrolment date falls. You would have to elect again to re-join the 50/50 section if you wanted to continue paying reduced contributions at that point.

## **Benefits of the LGPS 2014**

Each scheme year, you will build up a pension at a rate of 1/49<sup>th</sup> of the amount of pensionable pay you received in that scheme year. The amount of pension you build up is added to your Pension Account at the end of each scheme year. For any period you were in the 50/50 section the pension you build up will be half your normal rate.

Pensionable pay is the amount of pay on which you pay contributions. From 1 April 2014 it includes non-contractual (as well as contractual) overtime and any additional hours worked in excess of your normal contractual hours. If you have more than one job, then you will have more than one Pension Account – one for each of your jobs. The amount of pension in your Pension Account at the end of each scheme year will be adjusted in line with the cost of living - currently measured by the Treasury Order Revaluation in accordance with actuarial guidance issued by the Secretary of State - to ensure it keeps its value.

## **When can I take my pension**

You will be able to choose to retire and draw your pension at any time between age 55 and 75 (but normally need at least 2 years membership to be entitled to a pension benefit).

For the pension you build up from 1 April 2014, your Normal Pension Age is not fixed at age 65 but, instead, is the same as your State Pension Age (with a minimum of age 65). Your Normal Pension Age is simply the age when you can retire and take the pension you have built up in full.

Your pension can be paid early if your employer decides you are permanently unable to perform the duties of your job due to ill health and you are not immediately capable of undertaking other gainful work. The pension will be paid at an increased rate if you are unlikely to be capable of working again within 3 years of leaving, with the amount of enhancement being based on either the period between the date of retirement and your Normal Pension Age, or a quarter of that period, depending on the severity of your ill health.

If you are made redundant or lose your job for business efficiency reasons when aged 55 or over, your pension will be payable immediately (with no reduction for early payment).

Flexible retirement - This is where, with your employer's consent, you can reduce your hours or your pay grade when aged 55 or over and draw your pension whilst remaining in work.

## **Transfer of Pension Rights from another employer**

LGPS rules only allow you 12 months from the date of commencing the new membership to decide whether to transfer benefits. Please see the leaflet 'Pension Transfer' for further information.

## Completing the 'New Members – A Highly Valued Benefit' form

If you are eligible for membership of Local Government Pension Scheme 2014 in more than one employment, please make sure you specify each one.

- **Personal details** - This helps us to check we hold the correct details. Please complete a change form if any of these details change.
- **Partnership status** - Please tell us your partnership status and the date from which it applied, for example when you married or entered into a civil partnership, or when your relationship formally ended.
- **Current employment** - Tell us about the employment that this pension membership relates to, including your personnel or pay reference if you know it.
- **Receipt of LGPS pension** - If you are starting a new employment in which you are eligible to pay into the LGPS 2014 but you are currently in receipt of a pension then you need to tell the authority that pays your pension that you are employed and eligible to join the LGPS, even if you decide to opt out.
- **Other Pension Rights** - If you have pension rights elsewhere that you wish to consider transferring into the LGPS, please read the 'Transfer of Pension Benefits' leaflet and complete the Transfer Information form.
- **Declaration** - Please see the above section 50/50 Scheme option or our leaflet 'Contributions flexibility' for further information.

## Completing the 'Election to Opt Out' form

The government has introduced new laws designed to help people save for their retirement. It requires all employers to enrol their workers into a workplace pension scheme if they are not already in one. This is known as automatic enrolment.

Your employer may have to enrol you in the LGPS under automatic enrolment rules, but if you want to opt out after you start work you can complete the election to opt out form to reject membership of the Local Government Pension Scheme 2014. There are further guidance notes following the form.

## Completing the 'Death Grant – Expression of Wish' form

You can indicate who you wish to nominate to receive a death grant and your wishes will be taken into consideration by the scheme administrator when making their decision. Death grants paid directly to beneficiaries will not be subject to inheritance tax.

This only applies to the death grant; it does not affect dependants' pensions.

## Local Government Pension Scheme (LGPS) New Members – A Highly Valued Benefit

<b>Personal details (in Capitals)</b>	
Full Name	
NI number	
Date of birth	
Payroll ref	
Address	
Postcode	
Email	
Telephone	

<b>Status</b>			
Marital status	Single / Married / Civil Partnership / Cohabiting Partnership / Divorced / Widowed (Delete as appropriate)		
Date relevant to this status (eg date of marriage)		Maiden name	
Full name of partner / spouse		Date of birth	

<b>Employment details</b>	
When will you/did you start your job?	
What is your job?	
Where is your place of work?	
Do you also work for your employer in another job?	<input type="checkbox"/> YES <input type="checkbox"/> NO

**Local government / public service employment and past membership of the LGPS / public sector pension scheme**

Please note that it is important that you declare whether or not you have been a member of either the LGPS or a public service pension scheme within the last 5 years. If you have a break in membership of less than 5 years, then any final salary benefits will be calculated on your new employments' final salary when you leave. Have you previously worked in local government, the public sector, or for an employer who participated in the LGPS or a public sector pension scheme?

YES  NO - If yes, please provide details below

Name of employer	Job title	Date joined	Date left	Did you pay pension?

Please note - You should attach to this form, copies of any notifications given to you in relation to any previous scheme memberships.

Are you receiving a pension in respect of previous membership of the LGPS?  YES  NO

**Do you have any other pension rights?**

LGPS rules only allow you 12 months from the date of commencing the new membership to decide whether to transfer benefits

Do you have, or have you ever had, any personal pension rights?  YES  NO

Have you previously been a member of another employer's pension scheme outside of local government  YES  NO

Do you wish to consider transferring any personal pension rights or previous rights in another employer's scheme on the basis that you are supplied with further information before you make a final decision?  YES  NO  N/A

If you have answered **Yes** to any of the above questions then please refer to the **Transfer of Pension Benefits** leaflet for further information: <http://www.iwight.com/Council/OtherServices/Pensions-IWC/Forms-and-leaflets>

**Declaration**

I confirm I have read and understood the 'Contribution Flexibility' leaflet and that I would like to join the LGPS:

Post 1	<input type="checkbox"/> Main Section <b>or</b> <input type="checkbox"/> 50/50 Section
Post 2	<input type="checkbox"/> Main Section <b>or</b> <input type="checkbox"/> 50/50 Section
Post 3	<input type="checkbox"/> Main Section <b>or</b> <input type="checkbox"/> 50/50 Section
Post 4	<input type="checkbox"/> Main Section <b>or</b> <input type="checkbox"/> 50/50 Section

**Signed**

Signature		Date	
-----------	--	------	--

Please return the completed form to: Pensions Team, Shared Service Centre, Isle of Wight Council, County Hall, High Street, Newport, Isle of Wight PO30 1UD

Email: [pensions@iow.gov.uk](mailto:pensions@iow.gov.uk) Website: <http://www.iwight.com/council/OtherServices/Pensions-IWC>

## Local Government Pension Scheme (LGPS) Election to opt-out

You should only complete this form if you do not wish to become or remain a member of the LGPS.

<b>Personal details (in Capitals)</b>	
Full Name	
NI Number	
Date of birth	
Pay ref	
Employer	

If you have more than one job please indicate if this election is for all employments;

**All employments**  **Specific employment only** (please specify which job/s by using the table below)

<b>Job title</b>	<b>Pay ref</b>	<b>Place of work</b>	<b>Contracted hours</b>

I hereby give notice to terminate my membership to the LGPS at the earliest opportunity, having been made aware of and considered the full implications of my actions (please see overleaf).

- **I wish to opt out of pension saving**
- **I understand that if I opt out I will lose the right to pension contributions from my employer**
- **I understand that if I opt out I may have a lower income when I retire**

<b>Signed</b>			
Signature		Date	

Please return the completed form to: Pensions Team, Shared Service Centre,  
Isle of Wight Council, County Hall, High Street, Newport, Isle of Wight PO30 1UD

# Guidance notes for employees wishing to leave the Scheme

## Important information about opting out of the LGPS

- The Government has introduced new laws designed to help people save for their retirement. It requires all employers to enrol their workers into a workplace pension scheme if they are not already in one. This is known as automatic enrolment.
- Although you can opt out of the Local Government Pension Scheme (LGPS) at any point after you start work, under automatic enrolment your employer may have to put you back into the Pension Scheme and start deducting contributions again.
- Your employer must tell you if they enrol you into the LGPS. If you become a member but you do not want to be, you will need to opt out by completing another opt out form, even if you have only recently done so.
- Usually your employer would put you back into the LGPS in about 3 years time, but because of the way the new laws work, it could be much sooner so it is important to read, and act on if necessary, any information that your employer gives you.

## What happens once you opt out

- You must return the completed form to your employer who will then stop deducting contributions from the next available payroll (or later if you have chosen a future opt out date).
- If you opt out of the LGPS within 3 months of joining, and you have not transferred in previous service, your employer will refund you contributions through your pay.
- If you opt out of the LGPS between 3 months and 2 years of joining, and you have not transferred in previous service, the Isle of Wight Pension Fund will write to you providing you with the option of a refund of contributions or transfer to another approved pension scheme.

## What you need to know

By law, we are required to make you aware of the following:

- Your employer cannot ask you or force you to opt out of a workplace pension.
- If you are asked or forced to opt out, you can tell The Pensions Regulator – see [www.tpr.gov.uk](http://www.tpr.gov.uk)
- If you change your mind, you may be able to opt back in – write to your employer if you want to do this.
- If you stay opted out, your employer will normally put you back into pension saving at a future re-enrolment date.
- If you change your job, your new employer will normally put you back into pension saving straight away.
- If you have another job, your other employer might also put you into pension saving, now or in the future. This notice only allows you to opt out of pension saving with the employer you name above. A separate notice must be filled out and given to any other employer you work for, if you wish to opt out of that employer's pension saving as well.

## Please remember that the Scheme currently provides the following benefits

- Secure benefits
- Pension on retirement
- Inflation proof pensions
- Employer contributions
- Early retirement benefits
- Ill health pension
- Death in service benefits
- Spouse's / Civil partner's pensions
- Nominated cohabiting partner's pensions
- Dependant's allocated pensions
- Children's pensions
- Tax free cash option on retirement
- Tax relief on contributions



## Death Grant – Expression of Wish

The expression of wish allows you to make a nomination of who you would like to receive the death grant payable in the event of your death. This applies whilst in pensionable employment, or as a deferred member prior to your pension becoming payable, or as a pensioner within ten years of commencement of pension.

<b>Personal details (in Capitals)</b>	
Full Name	
NI Number	
Date of Birth	
Address	
Postcode	
Email	
Telephone	

I have read and understood the notes overleaf and I express my wish for the following individual(s) to receive payment of the Local Government Pension Scheme lump sum death grant upon my death.

Please complete the details of your nominee(s) below:

<b>Full Name</b>	<b>Correspondence address</b>	<b>Relationship</b>	<b>Percentage of benefit *</b>

\* If you have elected for more than one person to receive a portion of the benefit, the total percentage MUST equal 100%

Your expression of wish may be revoked or revised at any time should you choose to do so. Please remember to keep these details up to date, should your personal circumstances change.

<b>Signed</b>			
Signature		Date	

Please return the completed form to: Pensions Team, Shared Service Centre, Isle of Wight Council, County Hall, High Street, Newport, Isle of Wight PO30 1UD

# Notes of guidance

## What is the death grant?

A lump sum death grant will be payable should you die whilst contributing to the LGPS or if you die and have deferred benefits in the scheme. If you were to die within 10 years of receiving your pension, a death grant may still be payable, however the benefits would be reduced accordingly.

You can express for the benefits to be paid to one or more individuals or organisations, however if you do not name any beneficiaries the death grant may be paid to your estate.

Under the LGPS Regulations the administering authority (Isle of Wight Council Pension Fund) retains absolute discretion with regards to the distribution of the benefits. For this reason, although Isle of Wight Council Pension Fund will have the greatest regards to your wishes, it is not legally bound by them.

## What are the benefits?

The main benefit in expressing a wish is that the payment can be made directly to your chosen beneficiary, without forming part of your estate. This means that the benefits do not count for inheritance tax purposes. Payment will be made immediately on receipt of your Will without waiting for Grant of Probate or Letters of Administration to be taken out. (Please note: If possible your Will should reflect the details held on your 'Expression of wish' form.)

## Who can receive the death grant?

Any person(s) or organisation(s) may receive the death grant.

If you nominate a child under the age of 18, you will also need to nominate an adult who can receive the payment on their behalf. This releases Isle of Wight Council Pension Fund from any liability and we will have no discretion as to how the benefits are spent.

Isle of Wight Council Pension Fund as administrator of your Pension Scheme can use its discretion to make immediate payment to your beneficiary upon receipt of your Will. However, if the following circumstances have occurred then payment would not be made until receipt of 'Grant of Probate' or 'Letters of Administration' and it would then form part of your estate in the normal way: - The person you have nominated as the beneficiary has died - Your marital / civil partnership / cohabiting partnership status has changed since the date of your nomination - Isle of Wight Council Pension Fund, as the administrator does not consider that your expression of wish is reasonable or practical.

## Can I change these details?

If you wish to change these details at any time, please complete a new form and forward it to the Isle of Wight Council Pension Fund. New forms can be printed from the Isle of Wight Council website at the following address: <http://www.iwight.com/council/OtherServices/Pensions-IWC> or please contact the Pensions Team by emailing [pensions@iow.gov.uk](mailto:pensions@iow.gov.uk) or calling on 01983 821000 to request a copy.

If you wish to cancel an expression of wish at any time, instructions should be made to the Isle of Wight Council Pension Fund in writing, with a date and signature.

# The Local Government Pension Scheme (LGPS) Regulations in force from 1<sup>st</sup> April 2014

## Isle of Wight Council's Statement of Policy

Under Regulations 60 of the above LGPS regulations, the Isle of Wight Council as an **Employing Authority** must formulate and keep under review its policy concerning certain discretions within the LGPS regulations.

### **Regulation 16 (Shared Cost Additional Pension Contributions – SCAPC)**

### **Regulation 17 (Shared Cost Additional Voluntary Contributions – SCAVC)**

Our current policy is that we will not pay a percentage towards an Additional Pensions Contributions or Additional Voluntary Contributions contract. This decision does not preclude any employee from affecting an APC or AVC in their own right,

### **Regulation 30 (Flexible Retirement)**

For members who leave Local Government employment before becoming entitled to immediate payment of their retirement benefits, the Council will use its discretion under Benefit Regulation 30 of the LGPS regulations to allow those members to elect at any time between the ages of 55 and 59 (or between the ages of 50 and 59 for an employee who was an active member of the LGPS on 31 March 2008 and who makes an election before 1st April 2010) to receive payment of the benefits immediately following their election. Any actuarial reductions to be applied may be waived on compassionate grounds.

The Council may, however, choose not to allow a member to receive immediate payment of retirement benefits if, by leaving Local Government employment, the resultant loss of skill, knowledge and experience will have a detrimental effect on the service provided by the Authority. The Section 151 Officer/County Treasurer and the Head of Human Resources must be satisfied that appropriate savings arise before approval is given.

### **Benefit Regulation 30 (8) (Waiving Actuarial Reductions)**

If an employee voluntarily retires before normal pension age, the Council will not waive actuarial reductions on benefits.

For those employees who voluntarily retire before age 60, it is the Council's policy not to "switch on" the 85 year rule.

### **Benefit Regulation 31 (Award of Additional Pension)**

The Council's policy is not to award a member an additional pension.

### **Administration Regulation 70(1) of the LGPS Regulations 2008**

The Council's policy is not to abate pensions for those pensioner members re-employed in Local Government employment.