

QUICK GUIDE TO THE LOCAL GOVERNMENT PENSION SCHEME

The Local Government Pension Scheme (LGPS) is a nationwide statutory funded scheme for local government employees and is very safe and secure. The Scheme is administered locally by Lothian Pension Fund.

The LGPS gives you:

- a pension when you retire
- the option to retire from age 55 (benefits will be reduced)
- the choice of lump sum on retirement
- life cover in form of a death grant 3 x assumed pensionable pay
- a pension for your close dependents
- early leaver options if you leave before your pension is payable (*see overleaf)
- option to join the 50:50 section (see below).

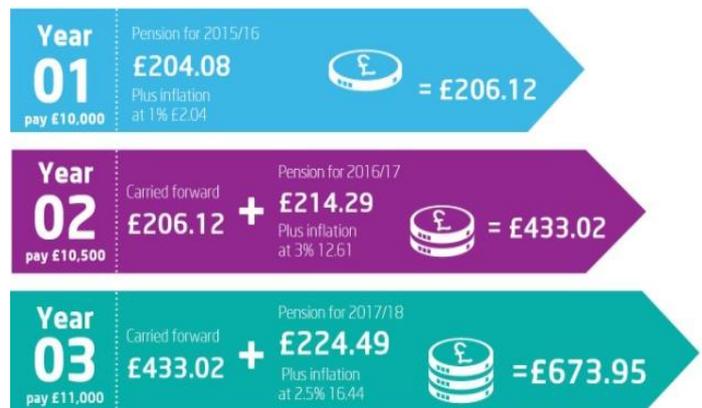
The Local Government Pension Scheme (LGPS) is a Career Average scheme guaranteed by law. The benefits you will get when you retire are worked out using your pay each scheme year.

What will my pension be?

The amount of pension you build up in a scheme year is 1/49th of the pay you receive during the year.

The example shown shows a person earning £10,000 in year 1 rising to £11,000 in year 3. The pension they earn each year is worked out as follows:

1/49 x pay – for instance 1/49 x 10.000 = £204.08 in year 1. The pension for each year is added together so by the end of year 3 the pension is £673.95 per year.



Your pension earned each scheme year has inflation added so it keeps its value. When you retire you can swap some of your pension for a one-off tax free lump sum.

Your pension is paid at Normal Pension Age, which is your State Pension Age (or age 65 if higher) but you can take your benefits from age 55 with a reduction for early payment. You can also join the 50/50 section which allows you to pay half your contributions and get half of your normal pension.

More information

This quick guide to the LGPS gives an overview of the Scheme. For more information on the Scheme benefits, visit www.lpf.org.uk/members. This information is for guidance only and the Scheme Regulations take precedence in any disputes.

Opting out of the Pension Fund?

If you choose not to be a member of the Scheme, you can opt out at any time. If you opt out within three months of being brought into the scheme, your employer will refund any contributions paid through your pay. If you opt out after three months, the Fund will make any refund after taking into account the Scheme Regulations.

If you **wish to opt out**, download a form at www.lpf.org.uk/forms or call the Fund on 0131 529 4638 to get a form sent to you. Once complete, return the form to your payroll section so contributions can be stopped. **Please note:** you can only opt out once you have been enrolled in the Scheme.

How much will I pay?

The amount you pay depends on how much you are paid in your job. The rates vary from 5.5% for those earning up to £20,000 to 10% for those earning over £110,000 and your contribution rate depends on the band you fall into. The current rate of contributions is available at www.lpf.org.uk/pay.

Remember, when you pay in your employer also pays in at around £2 for every £1 you pay and you get tax relief too. If you elect to join the 50/50 section, you will pay half the contributions you would pay in the main section of the scheme.

What other benefits are there?

Life cover: a lump sum of three times the pay you pay contributions on - your assumed pensionable pay.

Survivor's pensions: Your husband, wife, civil partner eligible dependent children or eligible cohabiting partner may receive a pension if you die.

Ill-health: You may get a pension if you have to retire due to ill health subject to an independent medical examination. You need to have been in the Scheme for two years to qualify for this benefit.

Transferring pension in

You can bring previous pension rights from schemes in the Public Sector Transfer Club into the Fund. You must do this within 12 months of joining the fund. Your former scheme will be able to tell you if they are part of the Transfer Club or you can see the list at <https://www.civilservicepensionscheme.org.uk/members/public-sector-transfer-club/>

Some of the schemes who participate are:

- all other Funds administering the Local Government Pension Scheme
- the Civil Service pension scheme
- the NHS pension schemes
- the teachers' pension schemes
- the Armed Forces pension scheme
- the Police and Fire pension schemes

Please note: The Universities Superannuation Scheme withdrew from the Public Sector Transfer Club in 2016.

The Fund doesn't accept transfers from personal pensions, stakeholder pensions, pension credits from pension sharing orders or schemes not in the Public Sector Transfer Club.

Want to increase your pension?

You can pay extra each month to increase your pension when you retire. You can buy extra annual pension up to a maximum of £7,040, using an Additional Pension Contract (APC).

The second choice is to make Additional Voluntary Contributions (AVCs) to a separate investment pot out with Lothian Pension Fund.

When you retire, your AVCs can be taken in a number of ways including as part of your lump sum. More information is available on our website at www.lpf.org.uk/extrapension.

What if I leave the Scheme?

If you have more than two years' membership, or transferred in previous pension benefits you can:

- preserve your benefits until retirement
- transfer your pension rights to another pension provider
- link former membership if you re-join the scheme later on

If you have less than two years' membership, and have no other LGPS pension benefits in Scotland, you can:

- get a refund of the contributions you have paid less the tax you would have paid if not in the Scheme
- transfer your pension rights to another pension provider if you have at least three months membership.
- defer your decision for a maximum of 5 years or until age 75, whichever is earliest.
- If you have less than two years' membership, including transferred in benefits from another pension provider. If you have no other LGPS pension benefits in Scotland, you can:

- get a refund of the contributions you have paid less the tax you would have paid if not in the Scheme if your transferred in benefits were eligible for a refund
- transfer your pension rights to another pension provider if you have at least three months membership.
- preserve your benefits until retirement
- link former membership if you re-join the scheme later on.

View your pension online

Our online service allows you to:

- see the pension built up to date
- estimate of pension benefits at different ages
- nominate who should receive any death grant that may be paid if you die
- update your address and email details

Lothian Pension Fund contact details

Website: www.lpf.org.uk/helphub

Email: pensions@lpf.org.uk