

LOCAL GOVERNMENT PENSION SCHEME

A LEAVERS GUIDE

This leaflet only applies to persons who leave on or after 1st April 2014 and were members of the new 2014 LGPS.

On leaving your job you will need to decide what to do with the pension rights you have built up in the Local Government Pension Scheme - the LGPS. Pension legislation is a very complex area and the purpose of this booklet is to assist you with choices available.

The possible options are:-

1. **A PRESERVED PENSION.** Leaving your pension in the County Council's Pension Fund for payment at retirement age – Normally only available to scheme members with 2 or more years of scheme membership
2. **A Transfer.** Transferring your pension rights to a new employer's pension scheme or an "insurance" based arrangement such as a Stakeholder or Personal Pension Scheme - .
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3. **A Refund Of Contributions.** Normally only available to those with less than 2 years scheme membership who have not previously been a member of the LGPS or transferred non-refundable pension rights into the scheme.
4. **Postponement.** If you have less than 2 years scheme membership, do not qualify for a preserved pension and are uncertain what your future position is going to be you can choose to make no decision at present.

Further information on the various options is given in the rest of this leaflet. When you have decided what to do complete and return the attached form.

Preserved Pension Benefits

A preserved pension, is a pension which you have earned but which is not yet payable because you have not reached retirement age.

The pension Section will advise you of your preserved pension entitlement.

When can I receive payment of my preserved benefits?

You can elect to receive payment of your pension from age 55 onwards. However if your pension benefits are paid before Normal Retirement Age (e.g. State Retirement Age) they may be subject to actuarial reductions to take account of the early payment.

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Additionally, you are no longer obliged to take your pension from Normal Retirement Age (e.g. State Retirement Age) and you can leave your pension deferred beyond this age. Pensions must however be taken before age 75. Where benefits are taken after Normal Retirement Age (e.g. State Retirement Age) they are paid at an actuarially increase or enhanced rate.

Can my preserved pension be paid early?

If the person suffers a breakdown in health which would have resulted in premature retirement on permanent ill health grounds, had their local government employment continued, they can elect at any age for the early payment of their Preserved Pension.

Will my preserved pension be “index linked”?

Preserved pensions are increased over the years to keep up with rises in the cost of living and are increased annually in line with CPI inflation. Once in payment the pension continues to attract such increases. Where, however, payment of the pension commences before age 55 on ill-health grounds, the pension may not be increased until age 55, unless you are certified by the scheme’s medical advisor as being incapable of engaging in any employment.

What happens to my pension if I die before the pension comes into payment?

In the event of death before payment commences, a lump sum of 5 times your Preserved Pension, is payable. You can nominate who you would wish to receive this lump sum. A pension may also be payable to a widow’s, widower’s, civil registered (same sex) partner’s or co-habiting partner. Children’s pensions may also be payable in respect of dependent children (e.g. under age 18 or under age 23 and in full time education). See the main scheme guide for full details attached to the payment of all survivors’ pensions.

Can I transfer the value of my preserved pension at a future date?

Yes. The LGPS does provide for the payment of transfer values. In some circumstances where a person re-joins the LGPS transfer will be automatic unless the person elects to retain their preserved pension.

Where you take up employment and the employer offers a pension scheme, other than the LGPS transfer may be possible, subject to the rules of your new scheme. Your new employer or scheme may however require that any election to transfer pension rights into the scheme is made within a set period i.e. within 12 months of joining. It may also be possible to transfer the value of your pension to an insurance based or personal pension scheme.

Transfer Values

If you are taking up further employment and your new employer operates a pension scheme then it may be possible to transfer the value of your accrued

benefits to your new employer's pension scheme. In some circumstance where a person re-joins the LGPS with a new employer transfer is automatic.

Transfers to other pension schemes in the public sector may be available on advantageous terms, where the person has had a break in public sector pension scheme membership of less than 5 years and elects to have such a transfer within 12 month of joining the scheme – **A Club Transfer**. The administrators of your new scheme will be in a position to advise you if a transfer on “**Club**” terms is available to you.

It may also be possible to transfer the value of your pension to a scheme in the private sector such as a scheme offered by your new employer or a personal pension or insurance based scheme.

Transfer Values - Points to Remember

- If your new employer has a pension scheme to which a transfer can be made this option may be available to you.
- It is always for you to decide whether or not to transfer your pension rights out of the Local Government Pension Scheme.
- Always consider the alternatives which may be available e.g. a Preserved Pension especially if you are moving to a lower paid job.
- If your new employer operates a pension scheme remember to tell them that you are interested in a transfer as soon as possible. This does not commit you to going ahead with the transfer, you will simply be exploring the options.
- If you are considering transferring to the private sector it is also worth ensuring that you know what the effects of a transfer back to the public sector at some later stage would be. (As a general rule it is easy to transfer money out of the public sector, but difficult to transfer back without suffering a loss.)
- You may only have a limited time (e.g.12 months) from joining your new employer to affect a transfer of pension rights and you should check the position with your new employer/scheme.
- Not all pension schemes work in the same way. Your LGPS pension will be a guaranteed amount and will be “index linked” in line with CPI inflation. It is therefore a valuable asset. Many schemes in the private sector are investment or market linked and the value of the pension pot may rise or fall with fluctuations in the financial markets i.e. in such schemes individual carries the investment risks.

A Refund of Contributions

A refund of contributions is only available if you have been a member of the LGPS for less than 2 years and you have not:-

- transferred non-refundable non-local government pension rights into the Scheme.
- You have never received payment of a pension from the LGPS (England and Wales).

- You have no entitlement to preserved pension benefits in respect of previous LGPS (England and Wales) membership.
- You are not currently contributing to the LGPS (England and Wales) in any job.

A refund cannot be claimed if you are taking up another job covered by the Local Government Pension Scheme (England and Wales) with a break in employment of one month or less from leaving your previous job. In these circumstances pension rights must be transferred to your new LGPS employer's pension fund.

Even if you are not returning to local government employment within a month you must not return the form to claim a refund until at least one month and a day after your date of leaving.

The amount payable is the gross amount of your own contributions less an amount relating to National Insurance to reinstate you fully in the State Pension Scheme, and tax.

Once a refund has been paid this extinguishes **all** rights you have in the LGPS (England and Wales). It is **not** possible to repay a refund to re-instate your pension rights.

People with membership of the LGPS before 1st April 2014.

Prior to 1st April 2014 a person with 3 months scheme membership had a right to a deferred pension. This right has been carried into the new LGPS 2014 which started on the 1st April 2014. So from this date the situation is as follows; a person who joined the scheme before 1st April 2014 and has at least 3 months LGPS membership but less than 2 years and leaves on or after 1st April 2014 can elect for a preserved pension as an alternative to a refund. In these circumstances, a request for a refund must be made within 6 months of leaving.

Refunds of Contributions - Points to Remember

- Claiming a refund extinguishes **all** rights you have in the LGPS (England and Wales) i.e. including pensions rights held in other funds as well as the Northumberland LGPS fund.
- If you have transferred non-refundable non LGPS rights into the Scheme or you have previously earned pension rights in the LGPS you are not entitled to a refund.
- You cannot claim a refund if you are moving to a job covered by the Local Government Pension Scheme (England and Wales) and the break between employments is less than one month and one day.
- You cannot in any event return the form to claim a refund until at least one month and a day after leaving your previous employment.
- By claiming a refund you lose the value of the employer contributions to the pension fund.
- A refund is not your only option i.e. it is possible to transfer the value of your rights to an alternative scheme. .

Postponement – Persons With Less Than 2 Years Scheme Membership.

If you are uncertain what your position is going to be in the future, for instance if you are moving to another part of the country and have yet to find a job or are taking a course of training or study, you do not have to make a decision immediately regarding a refund of contributions. You can postpone a decision until a later date i.e. until you do find a job. However do remember that when you do find a job which provides a pension scheme you may only have a limited time to affect a transfer e.g. you may need to elect to transfer within 12 months of joining the new employer's scheme. You should check the position with your new employer.

You **cannot** however postpone a decision for more than 5 years and after a 5 year period a refund becomes payable automatically.

Postponement - Points to Remember

- Only request this option if you have less than 2 years scheme membership or don't otherwise qualify for a Preserved Pension, as it is possible to transfer preserved benefits on to another scheme at some future date.
- Keep us informed of any change in your circumstances and particularly of any change in the address at which you can be contacted.
- You cannot postpone taking a refund for more than 5 years i.e. a refund becomes payable if a transfer to another scheme has not been paid and you are not otherwise excluded from receiving a refund.

For more information

The Pension Section, Finance Directorate, Northumberland County Council, County Hall, Morpeth, Northumberland NE61 2EF

Phone: 0845 600 6400

Email: pensions@northumberland.gov.uk

Please Note

This leaflet is not a statement of law and nothing in it can override the terms of the statutory provisions governing the LGPS. In all cases entitlement under the scheme will be determined by reference to the scheme's statutory provisions. This leaflet is designed to give general guidance only and does not impart any rights upon the reader or any other persons.

LGPS - Leaver's Option Form

Please complete Part 1 of this form together with either part 2 or 3.

Remember if you completing part 3 to claim a refund you cannot complete and return the form until at least one month and a day after your last day of employment.

Part 1 – to be completed in all cases.

Name: (Please Print)

Date of Birth:

Assignment/Payroll Number:

Date of Leaving:

Former Employer:

Place of Work:

National Insurance Number

Home address

Contact telephone number

Email address

Status – Married/Single/Civil Registered Partnership/Co-habiting Partnership*

*Delete as appropriate

Part 2 - Preserved Pension or Postponement or Transfer Only.

Please tick the appropriate box to indicate your choice.

Preserved Pension **Postponement** **Transfer**

If you have ticked **Transfer** please provide the name and address of your new scheme:-

Name:

Address:

Transfers Only - I authorise the County Council to disclose details of my LGPS pension to the above named pension arrangement for the purpose of exploring my transfer options.

Signed:

Date:

Part 3 - Refund of Contributions Only.

I wish to claim a refund of my pension contributions and certify that:-

- I have not, prior to making this claim, received payment of a pension from the Local Government Pension Scheme (England and Wales).
- I am not entitled a Preserved Pension from the Local Government Pension Scheme (England and Wales).
- I am not currently contributing to the Local Government Pension Scheme (England and Wales) in any employment, and
- I have not taken up an employment covered by the Local Government Pension Scheme (England and Wales) within one month and a day of leaving my previous employment.

I understand that if this statement is incorrect, and a refund is paid, I will lose my entitlement any other LGPS (England and Wales) pension rights to which I am entitled.

I also understand that if I have taken up an employment covered by the Local Government Pension Scheme (England and Wales) within one month and a day of leaving my previous employment I will be required to repay any refund paid to me.

Details of the bank account to which refund payment should be sent.

Bank Account Number

Sort Code

Name and Address of Bank or Building Society:

Signed:

Date:

Return the completed form to:

**The Pension Section, Finance Directorate, Northumberland County Council,
County Hall, Morpeth, Northumberland NE61 2EF**

Data Protection Act - Under the Data Protection Act we are required to inform you that we hold information about you and notify you of the purpose for which the information is held. We confirm that we will use your information for the administration and management of the pension scheme and the payment of benefits in accordance with the scheme rules. In order to do so we will need to disclose your information to such professionals and other third parties that we have chosen to assist us in the administration of the scheme. In addition, from time to time, it may be necessary to process what the Act describes as "sensitive information" about you. Should this be necessary we would process such data at your request or we will obtain your explicit consent.

You have the right to obtain a copy of your personal data (a fee may be charged for this in some circumstances) and to have inaccuracies corrected by writing to: Finance Directorate, Northumberland County Council, County Hall, Morpeth, NE61 2EF.