



Opting out of the Local Government Pension Scheme in Scotland - Notice to opt out of pension saving

The Local Government Pension Scheme (LGPS) allows you to save while you are working in order to enjoy a pension once you retire. It is one of the best occupational pension schemes in the UK. What's more, the LGPS is provided by your employer who meets a large part of the cost of providing the excellent range of secure benefits, so it's an extremely valuable and important part of your employment package.

You might be thinking of opting out of the LGPS for a variety of reasons. Whatever the reason, it's worth taking some time to look at the benefits you could be giving up. A brief summary of these is included in the "Declaration" section of this form.

Opting out won't save you as much in take home pay as you may think. In most cases, you will pay more tax if you opt out of the LGPS. A basic rate tax payer paying pension contributions of £100 a month will pay £20 more tax if they opt out. Furthermore, if you opt out of the LGPS in an employment (other than a concurrent employment) on or after 1st April 2015 with an entitlement to a deferred benefit and subsequently re-join the scheme, you will not be able to aggregate your periods of membership.

Rather than opting out of the scheme you may wish to consider opting in to the 50/50 Section. The 50/50 section allows you to pay half your normal contributions and build up half your normal pension during the time you are in that section. This flexibility may be useful during times of financial hardship and it allows you to remain in the scheme, building up valuable pension benefits, as an alternative to opting out of the scheme. A 50/50 option form is available from our website (See below).

If you want to know more about the costs and benefits of being a member of the Local Government Pension Scheme you can:

- Visit our website: www.highlandpensionfund.org
- Email us at: pensions.section@highland.gov.uk
- Write to: The Pension Section, The Highland Council,
Glenurquhart Road, Inverness, IV2 5DX.
- Speak to us: Telephone: 01463 702441

Please remember to quote your national Insurance Number in all correspondence.

Whatever your reasons for considering opting out of the scheme, we ask that you give this matter careful consideration before making a final decision. You may wish to take financial advice before making a decision to opt out. If you are opting out of the LGPS due to advice you have received you should ask for this advice in writing.

Your employer cannot ask you or force you to opt out. If you are asked or forced to opt out you can tell The Pensions Regulator www.thepensionsregulator.gov.uk. Equally, no one can force you to remain a member of the scheme but, if you elect not to be a member, you should understand the implications both for you and your dependents.

NOTES

1. **You can only sign and date this opt out form once you have commenced employment in the post from which you wish to opt out of membership of the LGPS. You cannot sign and date the form before then as it will be treated as an invalid opt out.**
2. If you are paid by the Highland Council, **your completed form should be returned to the Pension Section, The Highland Council, Glenurquhart Road, Inverness, IV2 5DX.**
If you are not paid by The Highland Council, please send your completed form to your employers Payroll or Human Resources (HR) Department.
3. If you have another job with another employer, that employer might also put you into pension saving, now or in the future. This opt out notice only opts you out of LGPS pension saving in relation to the employer and jobs you have named on this form. A separate opt out notice must be filled out and given to any other employer you work for if you wish to opt out of pension saving with that employer as well. You will need to obtain the opt out form for that employer from the pension administrators provided by that employer.
4. If you opt out of the LGPS before completing three months membership you will be treated as never having been a member and will receive a refund of any contributions deducted from your pay. If you opt out after three months and before two years, have not brought a transfer into the LGPS from a scheme that does not permit a refund and do not already have a deferred benefit, or pension in payment, from the LGPS in Scotland, you will normally be able to take a refund of your contributions. There will be a deduction for tax and the cost, if any, of buying you back into the State Second Pension scheme (S2P). If you opt out after two years you will be entitled to a deferred pension benefit in the LGPS which, unless you transfer the benefits to another pension scheme, would normally be payable from the scheme's normal pension age (which is the same as your State Pension age but with a minimum of age 65) or from age 60 at your choice.
5. If you decide to opt out of membership of the LGPS and subsequently change your mind you will be able to rejoin the scheme provided you are under age 75 and you remain in an employment that qualifies you for membership of the scheme. You will need to write to your employer if you want to opt back into the scheme.
6. If you stay opted out your employer will normally automatically put you back into the LGPS approximately three years from the date they have to comply with the automatic enrolment provisions of the Pensions Act 2008. For example, the Highland Council's staging date was 1st April 2013. If you are not employed by The Highland Council, the staging date will vary depending on the size of your employer. You will again be entitled at that time to opt out of membership of the scheme.
7. If you change employer your new employer will normally put you back into pension saving straight away.
8. If you opt out of the LGPS in an employment (other than a concurrent employment) on or after 1st April 2015 with an entitlement to a deferred benefit and subsequently rejoin the scheme you will not be able to aggregate your periods of membership.
9. **Purpose for which this form will be used**
This form, once completed and returned will be used to cease your active membership of the Local Government Pension Scheme as per your instructions on this form. The form will be retained as a record of your election to cease membership of the Local Government Pension Scheme or, if you hold more than one post with us, as a record of your election to cease membership in the job or jobs you have indicated on the form.

Your Personal Details (please complete this form in black ink)

Surname:

First name(s):

Title: Mr. / Mrs. / Miss / Ms. / Other (please specify)

Your home address:

Post code:

Your national insurance number:

Your date of birth:

Your employer's name:

From when do you wish to opt out of membership of the LGPS?

From the beginning of my next pay period

Tick box

From _____ (Enter future date)

(The date entered cannot be before the date you sign this form)

Tick box

If you hold more than one post with us we will assume you wish to opt out of membership of the LGPS in all of those posts.

However, if you hold more than one post with us and only wish to opt out of membership in some but not all of those posts, please indicate in the box below the name of the post (or posts) from which you wish to opt out of membership of the LGPS:

Job title - Post 1:
Payroll reference (if known):

Job title - Post 2:
Payroll reference (if known):

Job title - Post 3:
Payroll reference (if known):

Job title - Post 4:
Payroll reference (if known):

Declaration:

I declare that by opting out of the Local Government Pension Scheme (LGPS) I am knowingly giving up the opportunity to participate in the LGPS which would provide a guaranteed package of benefits which are backed by law including:

- **a secure pension** – payable for life that increases with the cost of living.
- **tax free cash** – the option to exchange part of my pension for some tax-free cash at retirement.
- **life cover** – with a lump sum of three times my final pay if I die in service.
- **cover for my family upon my death** – including a survivor’s pension for my spouse, civil partner or nominated cohabiting partner as well as children’s pensions.

and, once I have met the 2 year vesting period in the scheme:

- **voluntary early retirement** – from age 60 (even though the scheme’s normal pension age is 65) or from as early as age 55 provided my employer agrees. Benefits drawn before normal pension age may be reduced for early payment.
- **serious ill-health cover** – if I have to retire due to a serious illness I could receive immediate benefits based on an enhanced period of scheme membership.
- **redundancy cover** – with the early payment of pension benefits if I am made redundant or retired on business efficiency grounds at 55 or over (aged 50 or over if I was paying into the LGPS on 5 April 2006).

I have read the above and understand that the choices I make now are important in planning for my retirement. I confirm that I wish to opt out of pension saving in the post(s) I have indicated on this form.

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.

Signed:	Date:
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Please see read the attached notes regarding when you can sign, date and where to return this form. It is important to fully complete this form. An incomplete form will not be accepted as a valid opt out and the form will be returned to you for completion.

<u>For office use only:</u> Date received:
