

Local Government Pension Scheme (LGPS)

Are you saving enough for your future?

Can you afford to live on your basic state pension? The maximum basic state pension is £115.95 per week (2015/16 unmarried rate)

You could start saving for your future now with the LGPS

Did you know:

- The LGPS is an **important** part of your employment package and provides an excellent range of benefits
- You pay your contributions and **your employer pays too**
- The scheme is **flexible** - you can choose to pay less or more, and you can draw your benefits anytime from age 60 to 75
- The **benefits** you get include a pension when you retire as well as immediate life cover and ill-health protection
- There are also benefits for your **loved ones** with pensions for dependants if you die.

Let's look at the detail:

Cost

The rate of contributions you pay is based on how much you are paid. There is a 5 tier contribution system with your contributions based on how much of your pensionable pay falls into each tier.

Here are the tiers that apply from April 2015:

Actual Pensionable Pay	Contribution rate (%)
On earnings up to and including £20,500	5.5%
On earnings above £20,500 and up to £25,000	7.25%
On earnings above £25,000 and up to £34,400	8.5%
On earnings above £34,400 and up to £45,800	9.5%
On earnings above £45,800	12%

When you join and every April afterwards, your employer will decide your contribution rate. Your employer must also review your contribution rate if you have a permanent material change to your terms and conditions of employment during the Scheme year which affects your pensionable pay. The pay ranges will be increased each April in line with the cost of living and the contribution rates and /or pay bands will be reviewed periodically and may change in the future.

And remember you get **tax relief on your pension contributions**, as your contributions are deducted from your pay before you pay tax. You also (up to State Pension Age) **pay reduced national insurance contributions** (although this reduction will be removed from April 2016). Your **employer** currently automatically **pays the balance** of the cost of providing your pension benefits.

You have flexibility to pay more - you can boost your pension by paying more contributions which you would get tax relief on. Options include Additional Pension Contributions (APCs) and Additional Voluntary Contributions (AVCs).

You also have flexibility to pay less - with the option to pay half your normal contributions in return for half your normal pension, known as **50/50**. This is designed to help members stay in the scheme when times are financially tough.

Benefits at retirement

The LGPS is a great way to save for your future. You build up a pension from the day you join the scheme and once you've been paying in for 2 years your benefits include:

A secure pension - every scheme year (1 April to 31 March) an amount equal to a 49th of your pay in that year is added to your pension account. At the end of every scheme year the total pension in your account is adjusted to take into account the cost of living as currently measured by the Consumer Prices Index (CPI).

Tax-free cash - you have the option, when you draw your pension, to exchange part of it for some tax-free cash.

The freedom to choose when to take your pension - your Normal Pension Age is linked to your State Pension Age but you do not need to have reached your Normal Pension Age in order to take your pension. You can choose to retire and draw your pension at any time between **age 60 and 75**. If you are aged 55 to 59 you would need to obtain your employer's consent to draw your benefits. This is an employer discretion and your employer will have set out their policy on this in a published statement. Your Normal Pension Age is simply the age you can retire and take the pension you've built up in full. If you choose to take your pension before your Normal Pension Age it will normally be reduced, as it's being paid earlier. If you take it later than your Normal Pension Age it's increased because it's being paid later.

To find out your State Pension Age please visit www.gov.uk/calculate-state-pension.

A tiered ill-health retirement package - if you have to leave work at any age due to permanent ill health the scheme provides you with a pension, paid straight away, which is paid at an increased rate if you are unlikely to be capable of gainful employment.

Early payment of your benefits - if you are made redundant or retired on business efficiency grounds and you are aged 55 or over (or age 50 if you were in the scheme on 5th April 2006).

Flexible retirement - available from age 55 if you reduce your hours, or move to a less senior position. Provided your employer agrees, you can draw all of your benefits, helping you ease into your retirement.

Protection against inflation when you've drawn your pension - you can look forward to a pension for life that increases with the cost of living.

And you get peace of mind for you and your family with:

Life cover - from the moment you join the scheme, with a lump sum of 3 years pay being paid if you die in service.

Cover for your family - with a pension for your spouse, registered civil partner or eligible cohabiting partner and for eligible children if you die in service or die after leaving with a pension entitlement.

Transferring into the LGPS

You can also transfer previous pension rights into the scheme. Deferred benefits held in the LGPS in Scotland are normally automatically transferred, unless you decide within 12 months of joining the LGPS to keep them separate. For transfers from other pension schemes you may be able to transfer and you normally have 12 months from joining to opt to make a transfer.

Opting out

You can leave the LGPS at any time once you are a member by giving your employer notice in writing. You might, however, want to take independent financial advice before making the final decision to opt out. And don't forget you can, as an alternative, opt for 50/50 which allows you to remain in the scheme, building up valuable pension rights, but pay half your normal contributions for half your normal pension.

If you opt out before completing 3 months membership you will be treated as never having been a member and your employer will refund to you, through your pay, any contributions you have paid during that time. If you opt out with 3 or more months membership but less than 2 years you can take a refund of your contributions (less any statutory deductions) or transfer out your pension to another scheme. If you opt out after 2 years you will have deferred benefits in the scheme which can, if you want, be transferred out to another scheme. If you opt-out, you can, provided you are otherwise eligible to join the scheme, opt back into the scheme at any time before age 75.

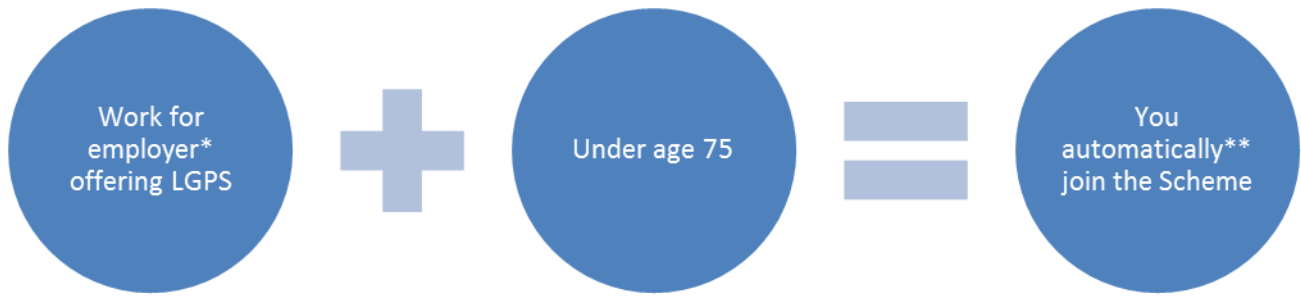
If you opt out of the LGPS and your employer is required to comply with the automatic enrolment provisions under the Pensions Act 2008, your employer may **automatically enrol** you into the LGPS at certain times. Your employer must notify you if this happens. You would then have the right to opt out of the LGPS.

To recap ...

- You have access to a scheme offering secure benefits
- You pay pension contributions and your employer pays too
- Your pension is worked out each year with inflation added so it keeps up with the cost of living
- You have the freedom to choose when to take your pension between age 60 and 75 (or from as early as age 55 with your employer's consent)
- You can exchange part of your pension on retirement for a tax-free lump sum
- You have peace of mind for you and your family with immediate life cover and pensions for dependants.

You can look forward to the future with confidence with the LGPS because the benefits you build up in the scheme are secure and set out in law.

How do you join the LGPS?



*If you are employed by an admission body, you can only join if your employer nominates you for membership of the scheme. An admission body is an employer that chooses to participate in the scheme under an admission agreement. These tend to be employers such as charities and contractors.

** If you start a job in which you are eligible for membership of the LGPS you will be brought into the scheme if your contract of employment is for 3 months or more. If it is for less than 3 months and you are, or during that period become, an Eligible Jobholder you will be brought into the scheme from the automatic enrolment date (unless your employer issues you with a postponement notice to delay bringing you into the scheme for up to a maximum of 3 months) or, if your contract is extended to be for 3 months or more or you opt to join by completing an application form, you will be brought into the scheme from the beginning of the pay period after the one in which your contract is extended or you opt to join.

An opt in form for new joiners is available to download from our website www.highlandpensionfund.org under the section 'Forms and Publications' or alternatively, you can contact the Pension Section directly on 01463 702441.

Check your payslip deductions to make sure you are in the scheme.

Want to know more?

This leaflet gives a brief outline of the scheme that applies from 1 April 2015. If you want to know more about the scheme, or if you have membership in the scheme before 1 April 2015 and want to know how benefits built up before then are worked out, you can get more information from our national website: www.scotlgps2015.org

You can view or print a full scheme guide and find a list of our forms by visiting our website: www.highlandpensionfund.org under the section 'Forms and Publications'.

This leaflet is for employees in Scotland and reflects the provisions of the LGPS and overriding legislation at the time of publication in April 2015. The Government may make changes to overriding legislation and, after consultation with interested parties, may make changes in the future to the LGPS.

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.