

# Automatic Enrolment - Guidance for Local Government Pension Scheme (LGPS)

## Why is auto enrolment happening?

The Government's aim is for more people to have another income, on top of the State Pension, when they come to retire. The full basic State Pension in 2014-15 is £113.10 a week for a single person. This is intended to be a foundation - you may want more.

Employers are enrolling their workers automatically into a scheme to make it easier for people to start saving.

## What does this mean for you?

As your employer we will contribute to the LGPS on your behalf, with the employer contributions to the scheme being determined at each triennial valuation of the Pension Fund by the Fund's appointed actuary.

The contributions you personally make from 1 April 2014 will be in accordance with the following table (2014/15 figures):

| Band | Pensionable pay range for an employment | Contribution rate for that employment |
|------|-----------------------------------------|---------------------------------------|
| 1    | Up to £13,500                           | 5.5%                                  |
| 2    | £13,501 to £21,000                      | 5.8%                                  |
| 3    | £21,001 to £34,000                      | 6.5%                                  |
| 4    | £34,001 to £43,000                      | 6.8%                                  |
| 5    | £43,001 to £60,000                      | 8.5%                                  |
| 6    | £60,001 to £85,000                      | 9.9%                                  |
| 7    | £85,001 to £100,000                     | 10.5%                                 |
| 8    | £100,001 to £150,000                    | 11.4%                                 |
| 9    | £150,001 or more                        | 12.5%                                 |

## Notes

1. The pensionable pay figure will be increased annually in line with the cost of living
2. It is our policy to set the contribution rates based on pensionable pay as at 1 April each year and not to make changes during the year. So even if your pensionable pay were to change during the year such that it fell into a different contribution band your contribution rate would not change until re-assessment the following 1 April

Your contributions to the LGPS will be deducted from the pensionable pay paid to you each pay period.

You will receive tax relief on those contributions and on any other contributions you choose to pay to the LGPS. Tax relief means some of your money that would have gone to the Government as

tax now goes into your pension instead. In the LGPS, tax relief is given under the net pay arrangements (in accordance with section 193 of the finance act 2004).

This means you don't need to do anything to get tax relief paid into your pension. It will happen automatically. Information on how 'net pay' works can be found at:

[www.direct.gov.uk/workplacepensiontaxrelief](http://www.direct.gov.uk/workplacepensiontaxrelief)

### **Where to go for further information**

For further information please visit [www.yourpension.org.uk](http://www.yourpension.org.uk)

If you have any questions about the scheme, please contact LPP via the details below.

For more general information about pensions and saving for retirement please visit

[www.direct.gov.uk/workplacepensions](http://www.direct.gov.uk/workplacepensions)

### **What you need to do now**

If you are auto enrolled into a pension scheme and wish to stay in that pension scheme, you do not need to take any further action. However, if you have previous pension rights you wish to transfer into your new pension arrangement, or wish to make nominations in respect of death grant expression of wish, please contact LPP via the details below.

If you wish to opt out of the pension scheme, follow the instructions below.

You have the right to opt out of the LGPS during the opt out period, "determined in accordance with regulation 9(2) or (3) of the Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations 2012" and, if you make a valid option out in that period, you will be treated for all purposes as not having become an active member of the LGPS on this occasion and we will refund to you the contributions paid by you.

If you do not opt out within the opt out period, you will still be able to opt out of the LGPS at any time in the future in accordance with the opt out rules of the LGPS (and be entitled to whatever benefits are due under the rules of the LGPS).

Should you decide to opt out, the opt out form may be provided in due course by the LPP.

The opt out form would have to be signed by you or, if it is given by means of an electronic communication, it would have to include a statement that you personally submitted the opt out notice. If you are in the LGPS in more than one post you will need to indicate the name of the post or posts from which you wish to opt out of membership of the LGPS.

### **If I opt out, can I re-join the LGPS at a later date?**

Yes. Should you decide at any time to opt out, you have the right to rejoin the LGPS from the beginning of the next available pay period after electing to rejoin (subject, of course, to meeting the normal requirements for being eligible for membership of the Scheme and being under age 75 at the time). To do so, contact LPP in writing by sending a letter, which has to be signed by you. Or, if sending it electronically, it has to contain the phrase "I confirm I personally submitted this notice to join the Local Government Pension Scheme".

## **Regular re-enrolment**

If you decide at any time to opt out of membership of the LGPS you will automatically be re-enrolled into the Scheme on what is called the “re-enrolment date” if, on that date, you are aged at least 22, under State Pension Age and earning more than £10,000 (from 1 April 2014), unless you had opted out within 12 months prior to the “re-enrolment date”. The “re-enrolment date” is a date chosen by your employer which will be within a period of 3 months either side of every 3rd anniversary of the staging date. We will contact you when this happens, and you can opt out if it’s still not right for you.

## **A commitment from us**

We must continue to maintain your membership of the LGPS (unless you personally choose to opt out of membership of the scheme or cease to be eligible for membership), and we must ensure the scheme continues to meet certain government standards;

If we were ever to cease to offer you membership of the scheme, or you cease to be eligible for membership of it whilst in our employment, or we change the scheme in such a way that it no longer meets the government standards, we would, if you are under age 75 and earn more than £5,772, immediately have to put you into another scheme that meets those government standards.

## **Contact details**

### **London**

Local Pensions Partnership  
2<sup>nd</sup> Floor  
169 Union Street  
London  
SE1 0LL

Telephone: 0207 369 6118

Email: [enquires@localpensionspartnership.org.uk](mailto:enquires@localpensionspartnership.org.uk)