

Leaving the LGPS

A guide to the options and benefits available to you on leaving the Local Government Pension Scheme (LGPS)



Introduction

Your Local Government Pension Scheme (LGPS) pension is administered by the Local Pensions Partnership (LPP).

The LPFA is the largest LGPS provider in London and one of the largest in the UK. LPFA has its own pensions fund and also assists other local authorities and county councils with all aspects of LGPS administration. For more information about the LPFA, including fund information and investment performance, please visit www.lpfa.org.uk

At the LPP we believe quality and professional delivery is at the core of our service. Now that you're a member of the LPP you can benefit from the services we provide such as a dedicated members website: www.yourpension.org.uk

Here you will find information about the pension scheme including useful videos, guides and factsheets.

This is a guide to the options and benefits available to you on leaving the LGPS. It is intended as a guide only and does not confer any statutory rights.

All of LPP guides are available in Braille or in large print on request.

Notifying LPP

The LPP administers pensions for the LPFA fund. LPP also assists other local authorities and county councils with all aspect of LGPS administration. For more information about the LPFA fund, including fund information and investment performance, please visit www.lpfa.org.uk

Please remember to keep LPP informed of any change in your address to ensure we can contact you at the point benefits become due. Due to data protection security the LPP is unable to take any changes by phone, fax or email. Changes must be made in **writing** or through **Member Self-Service**.

Did you know you can view your benefits you have built up in the LGPS anytime through our online Member Self-Service?

Please visit <http://axise.yourpension.org.uk>



As a member of the LPFA you can access your pension records online. Member self-service allows you to:

- Find out how much you will receive on retirement
- Calculate the amount of lump sum you can take on retirement
- View and update personal details such as changes of address
- View your nominated beneficiaries for any Death Grant payable in the event of your death
- View your Annual Benefit Statement

Leaving before you retire

If you leave the Local Government Pension Scheme (LGPS) before you retire, you can choose what to do with your benefits.

The choices you have depend on how long you have been a member.

Less than 2 years (and have not transferred in pension rights to the LGPS from elsewhere)

On leaving, you have the following options:

- You can claim a refund of your contributions
- You may be able to transfer your benefits to a new pension arrangement (providing you have been a member of the LGPS for at least 3 months)
- You can delay your decision until you know what you would like to do - this is known as a frozen refund. Please note, whilst a refund does not have to be paid immediately, if it is not paid within five years of leaving the Scheme, (or by age 75, whichever is the earliest) it then becomes payable and you will not be able to transfer it to another pension arrangement.

2 years or more (or have transferred in pension rights to the LGPS from another pension scheme)

On leaving, you have two options:

- You can choose to keep your benefits in the fund - these are known as deferred benefits and will increase every year in line with the cost of living.
- You may be able to transfer your benefits to a new pension arrangement.

Multiple employments

If you are member for more than one job, and leave one of them, you can once again choose between a refund, or deferred benefits (depending on how long you've been a member). Or you can transfer the membership to count in the other job.

Refund of your contributions

Refund of your contributions'

You must have less than 2 years LGPS membership to get a refund of your contributions and not have transferred in benefits from another pension scheme.

Only your own contributions are refundable, those paid by your employer are not. There will be deductions to account for tax and the cost, if any, of buying you back into the State Second Pension Scheme (S2P).

If you have been paying in for over 1 year, interest is paid on your refund. The rate of interest is 1% above base rate on a day to day basis from the date you left the scheme to the day the refund is paid (compounded with three monthly rests)

No refund can be made if you rejoin the LGPS within a month and a day of leaving.



Deferred benefits

Deferred benefits

You can choose to keep your benefits in the fund - these are known as deferred benefits and will increase every year in line with the cost of living.

Your deferred benefits are held in the LGPS for you until either you decide to transfer the value to another pension scheme, or the deferred benefits are due to be paid upon your retirement.

Your deferred benefits also include life cover and financial protection for your family.

How your deferred benefits are worked out

Your deferred benefits are made up of an annual pension that increases every year in line with the cost of living for the rest of your life. You may also have the option to exchange part of your annual pension for a tax-free lump sum paid upon your retirement.

The amount you receive depends on the period of which you built up your pension benefits. Please see the table below

Deferred benefits built up after 31 March 2014	Deferred benefits built up between 1 April 2008 and 31 March 2014	Deferred benefits built up before 1 April 2008
Your deferred pension is the value of your pension benefits built up whilst you were an active member until the date you left the LGPS	The part of your deferred pension in respect of any membership of the scheme you have between 1 April 2008 and 31 March 2014 is calculated by dividing any period of membership you have falling between those dates by 60 and multiplying the resulting figure by your final pay on leaving	The part of your deferred pension in respect of any membership of the scheme you have between before 1 April 2008 is calculated by dividing any period of membership you have falling before that date by 80 and multiplying the resulting figure by your final pay on leaving.
When you draw your deferred benefits on retirement you will have the option to exchange part of your annual pension for a tax-free lump sum. You receive £12 lump sum for each £1 of annual pension given up. You can take up to 25% of the capital value of your pension benefits as lump sum. ¹	When you draw your deferred benefits on retirement you will have the option to exchange part of your annual pension for a tax-free lump sum. You receive £12 lump sum for each £1 of annual pension given up. You can take up to 25% of the capital value of your pension benefits as lump sum. ¹	In addition you will be entitled to an automatic tax-free lump sum of three times your pension for membership before 1 April 2008. You can also exchange part of the pre April 2008 pension for extra lump sum as described above.

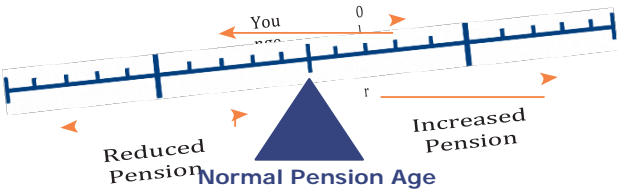
¹ Limited to £250,000 (2017/2018 figure) less the value of any other pension rights you have in payment

Court Order

If your LGPS benefits are subject to a Pension Sharing Order issued by the Court following divorce or dissolution of a civil partnership, your deferred benefits will be reduced in accordance with the Court Order or agreement.

When you can take your deferred benefits

Again, the date at which you can take your deferred benefits depends on the period of which you built up your pension benefits in the LGPS.

Deferred benefits built up after 31 March 2014	Deferred benefits built up between 1 April 2008 and 31 March 2014	Deferred benefits built up before 1 April 2008
Your Normal Pension Age is linked to your State Pension Age (to find yours visit www.gov.uk/calculate-state-pension)	Your Normal Pension Age is likely to be age 65.	Your Normal Pension Age is likely to be age 65.
You can choose to take your deferred benefits between ages 55-75. You do not need your former employers consent.	You can request early payment of your deferred benefits from age 55, but you must have your former employer's permission for payment before age 60. You can ask your former employer what their policy on this is. You do not need your former employer's consent to draw your benefits at or after age 60.	You can request early payment of your deferred benefits from age 55, but you must have your former employer's permission for payment before age 60. You can ask your former employer what their policy on this is. You do not need your former employer's consent to draw your benefits at or after age 60.
You can choose to take your pension earlier than your Normal Pension Age, anytime from age 55, but if you do, it will be reduced as it's being paid earlier. If you take it later than your Normal Pension Age it is increased because it is being paid later. Your Normal Pension Age is simply the age when you can take your pension without it being reduced for early retirement or increased for late retirement.	You can choose to take your pension earlier than your Normal Pension Age, anytime from age 55, but if you do, it will be reduced as it's being paid earlier. If you take it later than your Normal Pension Age it is increased because it is being paid later. Your Normal Pension Age is simply the age when you can take your pension without it being reduced for early retirement or increased for late retirement.	You can choose to take your pension earlier than your Normal Pension Age, anytime from age 55, but if you do, it will be reduced as it's being paid earlier. If you take it later than your Normal Pension Age it is increased because it is being paid later. Your Normal Pension Age is simply the age when you can take your pension without it being reduced for early retirement or increased for late retirement.
		If you were a member of the LGPS on 30 September 2006, some or all of your benefits paid early could be protected from the reduction under what is called the 85 year rule. For more information on the 85 year rule visit www.yourpension.org.uk

Please note that you cannot take your benefits built up to 31 March 2014 separately from the benefits you build up from 1 April 2014. All your pension would have to be drawn at the same time.

Death Grant

If you have deferred benefits and you die before they come into payment, a lump sum death grant equal to 5 years' pension will be paid

To nominate a beneficiary or beneficiaries for any death grant payable or to alter a previous nomination, please complete a '*Death Grant Nomination Form*' available from our website www.yourpension.org.uk

You can view your nominated beneficiaries via our secure online member self-service facility. Please visit <http://axise.yourpension.org.uk> to register or log in to this service.

Whether a nomination is made or not, the administering authority retains absolute discretion in respect of to whom the death grant is paid, but takes due regard of any wish expressed by a member.

Survivors' Pension

If you have deferred benefits and you die before they come into payment a spouse's, civil partner's or, subject

to qualifying conditions, an eligible co-habiting partner's pension and pensions for eligible children are payable. To view the qualifying conditions for an eligible co-habiting partner and/or eligible children please visit www.yourpension.org.uk

The amount payable is shown on your Statement of Benefits and will increase every year in line with the cost of living.

In the event of your death we will send a letter to the person dealing with your Estate within 5 working days of being informed of the bereavement detailing:

- entitlement to any consequent benefits such as a widow's, widower's, civil partner's or co-habiting partner pension
- the documents we will need to see and return

Within 5 working days of receiving the relevant documents requested we will send confirmation of when the payment of any consequent benefits will commence.



Transferring your benefits

Transferring your benefits to another (non LGPS) scheme

You may wish to consider transferring your LGPS benefits to another pension scheme as long as the new scheme is willing to accept the transfer. This may even be to an overseas pension scheme or arrangement that meets HM Revenue and Customs conditions.

You cannot transfer your benefits if you leave less than one year before your Normal Pension Age.

Your new pension provider will approach us and ask for a transfer value quotation which, under the provisions introduced by the Pensions Act 1995, we will guarantee for a period of three months from the date of calculation. Your new pension provider can then advise you of the additional benefits the transfer will buy in their scheme. A written option to proceed with the guaranteed transfer value must be received within the three month guaranteed period. If you opt to proceed, the normal time limit for payment of the guaranteed transfer value will be six months from the date of calculation. If payment is not made within this period we will need to recalculate the value as at the actual date of payment and pay the recalculated value or, if it is greater, the original value plus interest.

If you transfer your LGPS benefits and you have paid Additional Voluntary Contributions (AVCs) arranged through the LGPS (in-house AVCs), you must also transfer your AVC fund.

If a full transfer payment is made, you will not be entitled to any further benefits from the LGPS for yourself, your spouse, civil partner, eligible cohabiting partner or eligible children.

Deciding to transfer your benefits is an important decision. You may wish to take independent financial advice.

Aggregating your LGPS benefits

Aggregating your LGPS benefits built up before 1 April 2014

If you change your job, but still work for another employer who offers you membership of the LGPS, you may elect to aggregate your deferred benefits from your old job with your benefits built up with your new employer when you rejoin the scheme.

If you wish to aggregate your benefits you must elect to do so within 12 months of re-joining the LGPS, or such longer period as your employer and administrating authority may allow. You can ask your new employer what their policy is on this matter.

Please note if you do not elect to aggregate your benefits within 12 months of your first day of membership in your new employment you will **NOT** be able to change your mind at a later date.

Aggregating your LGPS benefits

If you change your job, but still work for another employer who offers you membership of the LGPS, your deferred benefits are automatically aggregated with your new benefits built up with your new employer when you rejoin the scheme, unless you elect to keep them separate.

If you wish to keep your benefits separate you must elect to do so within 12 months of re-joining the LGPS, or such longer period as your employer may allow. You can ask your new employer what their policy is on this matter.

Please note if you do not elect to keep your benefits separate within 12 months of your first day of membership in your new employment you will **NOT** be able to change your mind at a later date.

Your previous period of Local Government membership counts on a "day for day" basis; i.e. you will be credited with the same amount of membership benefits as that which you built up in your previous employment.

Please be aware that aggregation of membership may have affected the earliest payment date of your benefits without actuarial reductions if you retire from your new employment before age 65. Further information is available onrequest.

Under HM Revenue and Customs rules, if the value of your pension savings increases in any one year by more than the annual allowance of £40,000 you may have to pay a tax charge. If your benefits become aggregated this may result in an increase in the total value of your pension savings in the year, especially if your new job is much better paid, and so may impact on whether the annual allowance tax charge affects you. More information on the Annual Allowance with examples and other considerations in relation to aggregation is available on our members' website www.yourpension.org.uk

Are you receiving the best customer service?

One of the main goals of LPP is to be a market leader in customer service and operate in a culture where the customer is at the centre of our organisation, emphasising our slogan: 'Your Pension Our World'.

LPP is proud to be a member of the Institute of Customer Service (ICS) and achieved the ServiceMark Accreditation, a standard that demonstrates we are a world class provider of customer service. We even complete 97% of our customer queries on time (as at April 2017) ranging between 3-5 working days, to provide great service.



Complaints

LPP puts customer care at the centre of operations. Complaints are taken seriously and while we try to get things right first time there are occasions when things do go wrong. You may receive an outcome or decision you're not happy with, or our service may not have met your expectations. Below is the process and how we'll help you resolve any complaint you may have.

What you need to do

You can send us your complaint in writing either in the post to the address on the back of this guide or via email to

communications@localpensionspartnership.org.uk. Please make sure to include the following details:

- your full name
- your postal address
- your email address
- your national insurance number or pension number (if known)

What happens next

Once we have received your complaint we will send you a response within five working days. Where this is not possible, an acknowledgement will be sent within five working days to advise you of the progress and an expected date for providing the answer.

We will review your case and ensure that we consider all your points and that the facts and outcomes are clearly explained to you.

If we need more information or wish to explain our response to you, we may contact you via telephone.

If you are not satisfied

If you are not satisfied with our response you can raise a formal dispute against our decision. Any complaint must be made within six months of the date of our initial reply.

In the first instance please write to Mike Allen, Managing Director at our Union Street address (LPP, 2nd Floor, 169 Union Street, London, SE1 0LL), who will arrange a nominated person to review your case. Following the independent review - and if you are still dissatisfied with the decision, you may apply for another nominated person who has had no previous dealings with your case to review the findings. Your application for reconsideration must be made within six months of receiving notification of the independent referee's decision.

If you are still not happy

If, after having received a reply from the independent review about your appeal, and you wish to pursue the matter further, you can contact the Pensions Ombudsman, who acts as an independent and impartial adjudicator. Applications must be made within three years of the event and his or her decision is final and binding.

Address: Pensions Ombudsman
11 Belgrave Road, London, SW1V 1RB
Telephone: 020 7630 2000
Website: www.pensions-ombudsman.org.uk

At any stage during this process you may wish to approach The Pensions Advisory Service (TPAS). They offer a free service.

Address: The Pensions Advisory Service
11 Belgrave Road, London, SW1V 1RB
Telephone: 0845 601 2923
Email: enquiries@pensionsadvisoryservice.org.uk
Website: www.pensionsadvisoryservice.org.uk

We value your feedback

We're committed to improving our service to you and we use all feedback received to help us achieve this.

If you have any ideas on how we can offer a better service we'd love to hear from you. Please email communications@localpensionspartnership.org.uk with any suggestions.

Contact Us



www.yourpension.org.uk



020 7369 6000



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Our offices are open 8:30am - 5:00pm, Monday - Friday

Disclaimer

This guide is for employees in England or Wales and reflects the provisions of the LGPS and overriding legislation from 1 April 2014.

The national web site for members of the LGPS who contribute to the scheme on or after 1 April 2014 can be found at www.lgps2014.org

This guide cannot cover every personal circumstance. For example, it does not cover all ill health retirement benefits. Nor does it cover rights that apply to a limited number of employees e.g. those whose total pension benefits exceed the lifetime allowance (£1 million in 2017/2018), those whose pension benefits increase in any tax year by more than the annual allowance (£40,000 in 2017/2018), those to whom protected rights apply, those whose rights are subject to a pension sharing order following divorce or dissolution of a civil partnership. In the event of any dispute over your pension benefits the appropriate legislation will prevail. This short guide does not confer any contractual or statutory rights and is provided for information purposes only.