



Employer Code \_\_\_\_\_

**LPFA**

## Local Government Pension Scheme

**London Pensions  
Fund Authority**

### Election to cease Scheme membership

An employee who wishes to withdraw from the Scheme whilst remaining in employment must complete Section One of this form and return it to their employer. The employer should comply with the declarations in Section Two and then send the form to the London Pensions Fund Authority.

---

#### SECTION ONE

*For completion by employee*

Surname \_\_\_\_\_ Forenames \_\_\_\_\_  
Date of birth \_\_\_\_\_ National insurance number \_\_\_\_\_  
Job title \_\_\_\_\_  
Employed by \_\_\_\_\_

---

#### Declaration by employee

Having read and understood the accompanying notes "opting out of the Local Government Pension Scheme" I am aware that my future benefits and those payable to my Estate and family should I die in service may be severely reduced and I confirm that I wish to cease membership of the Local Government Pension Scheme from: \_\_\_\_\_

\*a) the commencement of the pay period following this election, or

\*b) from \_\_\_\_\_ if this is possible

*\*delete as necessary*

Signed \_\_\_\_\_ Date \_\_\_\_\_

---

#### SECTION TWO Declaration by employer

I confirm that the above employee ceased membership of the Scheme on \_\_\_\_\_ and that I have arranged the necessary payroll adjustments.

I confirm that I have given the employee form LGPS/109. (Unless they were a member of the scheme for less than three months when I have refunded their contributions through the payroll)

I attach forms LGPS/101 or LGPS/102

Stamp of employer (if available) Name(in block capitals) \_\_\_\_\_  
Designation/grade \_\_\_\_\_  
Telephone number \_\_\_\_\_  
Date \_\_\_\_\_

# OPTING OUT OF THE LOCAL GOVERNMENT PENSION SCHEME

Explanatory Notes for the information of employees

**You can elect to cease to be a member of the Scheme whilst continuing in employment. IT IS IN YOUR OWN INTEREST that you read the following BEFORE signing the election form. You should remember the following points.**

- A DO NOT sign this if you wish to stay in the Scheme.
- B If you elect OUT of the Scheme, the election will normally take effect from the start of your next pay period which follows receipt of the election.
- However, you can specify a date later than the next pay period when you wish the election to operate.
- C If you ELECT OUT of the Scheme:
- I It will be for you to make your own pension arrangements within the Private Sector (a Personal Pension) or rely instead upon the State Pension Scheme. Most people will find that the State pension alone is insufficient to provide adequate retirement benefits.
  - 2 Your rights of RE-ENTRY into the Local Government Scheme in the future MIGHT BE RESTRICTED, at your employer's choice, once you attain age 50 years.
  - 3 You WILL NOT be able to re-enter the Local Government Scheme if you have opted out of the Scheme before unless you are also moving to a new employer.
  - 4 You WILL NOT be able to receive gratuity payments in respect of future employment where you have opted out of the Local Government Scheme.
  - 5 Your future benefits in retirement, especially if you are forced to retire on health or redundancy grounds, could be severely limited.
  - 6 DO NOT EXPECT that your, "take-home" pay will rise by anything like the amount you are currently paying in pension contributions. The combined effect of tax relief and reduced National Insurance operative by virtue of membership of the Local Government Scheme means that in take-home terms the contributions to the Scheme are only about:
    - a) £3.00-£3.50 in respect of each £100 earned in most cases, as a NON- MANUAL worker or
    - b) £2.00-£2.50 in respect of each £100 earned, in most cases as a MANUAL WORKER.
    - c) To give some idea of the value of future Local Government Scheme rights that you could be giving up by opting out of the Scheme, compared to the value of rights that you may be able to buy in a Personal Pension, the LPFA's consulting Actuaries have prepared the following tables.

Table 1 shows, relative to a current age, the overall value that could accrue by age 65 to provide benefits under the Local Government Scheme if membership of the Scheme continued to that age.

Table 2 shows, relative to a current age, the amount that could accrue by age 65 to provide for benefits if instead a Personal Pension was taken out but only the minimum contributions paid into it.

Table 3 shows, again on a similar basis to table 1, how much might accrue under a Personal Pension if it received instead an amount that would leave the individual's take home pay the same as if they had remained in the Local Government Scheme.

## Notes to the tables

- i) The tables have been prepared using standard "insurance" assumptions and are based on an assumed current pay of £12,000 pa (approx. £230 a week) for MANUAL workers, or £15,000 pa (approx. £288 a week) for NON -MANUAL workers.
- ii) The monetary amounts shown are projected in "real terms" i.e. the amounts relate to current pay figures, the future assumed general levels of wage inflation being discounted against assumed future general levels of investment returns.
- iii) The figures are illustrative only and not guaranteed to be applicable to any individual case.
- iv) Further details of the assumptions used can be supplied on request.

Table 1  
£ Value of Local Government Scheme

Age	Non Manual		Manual	
	Male	Female	Male	Female
55	29200	31600	21800	23500
50	46800	49400	33600	35500
45	66400	69700	45900	48100
40	87900	92000	58500	61200
35	111700	116700	71600	74700
30	137600	143700	85000	88600
25	165600	172700	98400	102600
20	196100	204300	112100	116800

Table 2  
£ Value of Personal Pension Scheme - Minimum Contributions

Age	Non Manual		Manual	
	Male	Female	Male	Female
55	7000	4000	5100	3000
50	10500	7600	7500	5500
45	14200	11300	9900	8100
40	18100	15300	12500	10800
35	22600	19600	15300	13600
30	27400	24400	18300	16600
25	32700	29170	21600	19800
20	38300	35300	25200	23400

Table 3  
£ Value of Personal Pension Scheme - Same "take home" pay as if LG Scheme

Age	Non Manual		Manual	
	Male	Female	Male	Female
55	13400	11700	9000	7800
50	21200	19300	13800	12700
45	29300	27700	18900	17900
40	38600	37000	24500	23500
35	49000	47300	30500	29500
30	60500	58800	37100	36100
25	73300	71600	44300	43200
20	87500	85800	52100	51000

In general terms then, the potential value of benefits available from the Local Government Scheme in the circumstances shown exceeds those available from a Personal Pension.

Be TOTALLY sure before you opt out of the Local Government Scheme that such action is best for you. Take independent advice if you are not sure.