

## LEAVING YOUR JOB BEFORE RETIREMENT

IN THIS LEAFLET WE LOOK AT WHAT HAPPENS TO YOUR LGPS BENEFITS ON LEAVING YOUR JOB BEFORE RETIREMENT IF YOU PAY INTO THE LGPS ON OR AFTER 1 APRIL 2014.

Where pension terms are used, they appear in ***bold italic*** type. These terms are defined at the end of this leaflet

**If you leave your job before retirement and have met the 2 years *vesting period*** you will have built up an entitlement to a pension. You will have two options in relation to that pension entitlement:

- you can choose to keep your benefits in the LGPS. These are known as deferred benefits and will increase every year in line with the cost of living, or
- alternatively, you may be able to transfer your deferred benefits to another pension arrangement.

**If you leave your job before retirement and have not met the 2 years *vesting period*** you will have three options:

- you will normally be able to claim a refund of your contributions, less a deduction for tax and the cost, if any, of buying you back into the ***State Second Pension (S2P)*** in respect of your membership up to 5 April 2016 when the LGPS was contracted out of the ***State Second Pension (S2P)***. Interest is paid if the refund is not made within one year of leaving but no refund can be made if you rejoin the scheme in England or Wales within a month and a day of leaving or rejoin before the refund has been paid
- 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 either re-join the LGPS, transfer your benefits to a new pension arrangement, or want to take a refund of contributions. Where you delay your decision you will have what is known as a deferred refund ***pension account***. Please note, however, that the account can only be held in your Pension Fund for a maximum of 5 years or until age 75, whichever is earlier. If you have not transferred your benefits to a new pension arrangement or rejoined the LGPS by that time a refund of contributions will automatically be payable to you.

If you have not met the 2 years ***vesting period*** when you leave but joined before 1 April 2014 and you have 3 or more months' membership you will have an entitlement to a deferred benefit instead of a refund (but you can opt within 6 months of leaving to receive a refund if you wish).

### If I'm eligible for a refund of contributions how are these worked out?

If you leave the scheme before meeting the 2 years ***vesting period*** you can choose a refund of contributions. A refund of contributions will include:

- any pension contributions you have paid, and

- any additional pension contributions or AVCs you have paid (other than AVCs paid for additional life cover), and
- any contributions you paid which were included in a transfer payment which the LGPS received from another pension arrangement.

A refund of contributions will have a deduction for tax and also the cost, if any, of buying you back into the **State Second Pension (S2P)**. If a refund is not paid within 1 year of you leaving the scheme then interest is payable. 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).

Your refund of contributions must be paid within 5 years of your leaving the scheme (or age 75 if earlier). At that point a refund of contributions is automatically paid to you.

No refund can be made if you rejoin the scheme in England or Wales within a month and a day of leaving, or rejoin before the refund has been paid, or continue to hold another job in which you are a member of the scheme and which you held at the same time as the job you have left.

## What will happen to my benefits if I choose to defer them?

If you've met the 2 year **vesting period** the amount held in your active **pension account** up to your date of leaving is transferred to a deferred **pension account** and you then have what are known as deferred benefits. The value of the pension in your deferred **pension account** is 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.

Your personal deferred benefits package consists of an annual pension, payable throughout your retirement, with an option on retirement to exchange some pension for a one off tax-free lump sum. It also includes life cover and financial protection for your family.

## How are deferred benefits worked out?

Your deferred benefits will be calculated as follows:

- Your deferred **pension** in respect of your membership of the scheme **after 31 March 2014** is the value of the pension you have built up in your active **pension account** at the point of leaving. That amount of pension is transferred from your active **pension account** to your deferred **pension account**.

When you draw your deferred benefits you will be given the option to exchange some of your annual pension for a **one off 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 a lump sum<sup>1</sup>.

- 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.

<sup>1</sup> Limited to £250,000 (2017/18 figure), or you have previously taken payment of pension (crystallised) pension benefits, 25% of your remaining lifetime allowance.

When you draw your deferred benefits you will be given the option to exchange some of your annual pension for a **one off 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 a lump sum<sup>2</sup>.

- The part of your deferred **pension** in respect of any membership of the scheme you have **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.

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.

For more information and examples of how benefits built up before April 2014 are worked out see the leaflet **If YOU JOINED THE LGPS BEFORE 1 APRIL 2014**

### What if I paid extra?

If you have been paying extra contributions your contributions will cease when you leave the LGPS. If you leave with deferred benefits you will benefit from those extra contributions.

### If you are buying extra LGPS pension by paying Additional Pension Contributions (APCs)

You will be credited with the extra pension you have paid for at the time of leaving. This will increase the value of your deferred benefits and any transfer value paid to a new pension arrangement.

### If you are buying extra LGPS pension by paying Additional Regular Contributions (ARCs)

You will be credited with the extra pension you have paid for at the time of leaving. This will increase the value of your deferred benefits and any transfer value paid to a new pension arrangement.

### If you are buying extra years in the LGPS (Added Years)

You will be credited with the extra period of membership that you have paid for at the time of leaving. This will increase the value of your deferred benefits and any transfer value paid to a new pension arrangement. The extra benefits will be calculated on the same basis you had agreed to buy them.

If you move to a new employer in the LGPS in England or Wales within 12 months of leaving, you can carry on paying the additional contributions provided you also pay them to cover the period between leaving and starting your new job and you join your pension rights together. Contact your new LGPS administrator within 3 months of rejoining to arrange this.

<sup>2</sup> Limited to £250,000 (2017/18 figure), or you have previously taken payment of pension (crystallised) pension benefits, 25% of your remaining lifetime allowance.

## If you pay **Additional Voluntary Contributions (AVCs)** arranged through the LGPS (in-house AVCs)

The value of your AVC fund will continue to be invested until it is paid out. Your AVC plan is similar to your main LGPS benefits in that it can be:

- transferred to another pension arrangement, including to a scheme that offers flexible benefits, or
- drawn at the same time as your LGPS benefits.

See the leaflet on **CONTRIBUTION FLEXIBILITY** for more information about transferring your AVC to a scheme that provides flexible benefits.

If you elected to pay AVCs on or after 1 April 2014 and you choose to transfer your main LGPS benefits to another LGPS fund in England and Wales your AVC must be transferred too.

## If you are paying additional contributions to buy extra **cohabiting partner's survivor pension**

The period of your pre 6 April 1988 membership that you have paid extra for at the time of leaving will be included in the calculation of any survivor's pension payable to an **eligible cohabiting partner** on your death.

## My LGPS benefits are subject to a Pension Sharing Order how does this affect my deferred benefits?

If your LGPS benefits are subject to a Pension Sharing Order issued by the Court following divorce or dissolution of a **civil partnership**, or are subject to a qualifying agreement in Scotland, your deferred benefits will be reduced in accordance with the Court Order or agreement. For more information see the section on **PENSIONS AND DIVORCE OR DISSOLUTION OF A CIVIL PARTNERSHIP**.

## When are deferred benefits paid?

Your deferred benefits are normally payable at your **Normal Pension Age** in the LGPS. Your **Normal Pension Age** is linked to your **State Pension Age** (but with a minimum of age 65). They can be paid earlier, or later than your **Normal Pension Age**. There are two ways they can be paid earlier and these are:

- early payment of deferred benefits at your request, or
- early payment of deferred benefits due to permanent ill-health.

### Early payment of deferred benefits at your request

You can choose to take early payment of your deferred benefits from age 55. You do not need your former employer's consent to draw your pension before your **Normal Pension Age**. **But you will need to give Pension Services three months' notice of your intended payment date**

If you choose to draw your deferred benefits before your **Normal Pension Age** your benefits will normally be reduced to take account of their early payment and the fact that your pension will be

paid for longer. How much your deferred benefits are reduced by depends on how early you draw them.

The reduction is calculated in accordance with guidance issued by the Secretary of State from time to time. The reduction is based on the length of time (in years and days) that you retire early i.e. the period between the date your benefits are paid and your **Normal Pension Age**.

As a guide, the percentage reductions (effective from 29 April 2016) for retirements up to 13 years early are shown in the table below. Where the number of years is not exact, the reduction percentages are adjusted accordingly.

No. of years paid early	Pensions reduction	
	Men	Women
0	0.0%	0.0%
1	5.6%	5.2%
2	10.8%	10.1%
3	15.5%	14.6%
4	20.0%	18.8%
5	24.0%	22.7%
6	27.8%	26.4%
7	31.4%	29.8%
8	34.7%	33.0%
9	37.7%	36.1%
10	40.6%	38.9%
11	44.2%	42.2%
12	47.6%	45.5%
13	50.9%	48.6%

Please note that if you built up pension in the LGPS before 1 April 2014 then protections are in place for the **Normal Pension Age** that applies to those benefits. In addition, if you were a member of the LGPS at any time between 1 April 1998 and on 30 September 2006, some or all of your benefits paid early could be protected from the reduction if you are a rule of 85 protected member. You can find out more about these protections from the leaflet **IF YOU JOINED THE LGPS BEFORE 1 APRIL 2014**.

Your former employer can agree to waive any reduction. This is a **discretion** and you can ask your employer what their policy on this is.

#### Early payment of deferred benefits due to permanent ill health

The second method of obtaining early payment of your deferred benefits is on the grounds of permanent ill health. You can apply for payment of your deferred benefits at any age, without reduction if, because of your health, you would be permanently incapable of the job you were working in when you left the LGPS and you are unlikely to be capable of undertaking any gainful employment within 3 years of applying for the benefit or by your **Normal Pension Age**, whichever is the earlier.

## Payment of deferred benefits at or after *Normal Pension Age*

If you do not take early payment of deferred benefits under either of the above two methods the deferred benefits will be paid from your **Normal Pension Age** unless you opt to delay payment beyond that age. If you draw your deferred benefits after your **Normal Pension Age** your pension will be increased by 0.010% for each day payment of your pension is delayed beyond **your Normal Pension Age**. Deferred benefits must be paid before age 75. However, if your pension is not in payment at age 60 (women) / 65 (men), the **Guaranteed Minimum Pension (GMP)** element (if any) of your pension must be paid from that date (unless you are still in employment).

## Keeping in touch

If you change address, please remember to let **Pension Services** know so they can keep in touch with you – something that's especially important when you come to draw your deferred benefits.

## Your employer can:

- reduce your pension benefits if you cease to be employed as a result of a criminal, negligent or fraudulent act or omission as a result of which you have incurred some monetary obligation to the employer.
- forfeit your pension rights if the Secretary of State for Communities and Local Government agrees and you have been convicted of a serious offence connected with your employment and because of which you left your employment.

## You are not allowed to:

- assign your benefits. Your LGPS benefits are strictly personal and cannot be assigned to anyone else or used as security for a loan.

## How do deferred benefits keep their value?

In the year you leave the LGPS the value of pension in your **pension account** (in respect of your membership from 1 April 2014 onwards ONLY) is revalued up to the date of leaving in line with the revaluation applied to active members of the LGPS.

This means that if the cost of living has gone down in the year ending 30<sup>th</sup> September in the **scheme year** in which you leave, it is possible that the value of deferred pension in your **pension account** could reduce.

For the period after your date of leaving your total deferred benefits (including the benefits you built up before 1 April 2014) will be reviewed in line with the cost of living. However, if the cost of living goes down your deferred benefits will not be reduced. Your pension will also continue to receive cost of living increases every year once it is paid to you.

On your benefits being paid on or after age 55, or if your benefits are paid before age 55 because of ill health and you are permanently incapacitated from engaging in any regular full-time employment, your benefits will be increased each year in line with the cost of living. Otherwise, if you draw your benefits before age 55 you will normally have to wait until your 55th birthday for your first cost of living increase, when your pension will be increased to the level it would have been had it been increased each year.

## Do the tax rules on savings cover deferred benefits?

There are HM Revenue and Customs controls on all your pension savings - not including any state retirement pension, state pension credit or any spouse's, **civil partner's**, **eligible cohabiting partner's** or dependant's pension you may be entitled to.

You can find out about HM Revenue and Customs controls on your LGPS pension savings from the section on **TAX CONTROLS AND YOUR LGPS BENEFITS**.

**Pension Services** will let you know the value of your LGPS benefits when they are paid and ask you about any other pensions you may have in payment, so they can work out whether or not to deduct a recovery tax charge.

## What will happen if I die before receiving my deferred benefits?

If you leave with deferred benefits after 31 March 2014 and die before receiving them, the following benefits are payable:

**A lump sum death grant** of 5 times your deferred annual pension. **Oxfordshire County Council Pension Fund** absolute **discretion** when deciding who to pay any death grant to. The LGPS, however, allows you to express your wish as to who you would like any death grant to be paid to by completing and returning an expression of wish form. You can complete an expression of wish form or make a new one at any time. You usually receive the opportunity to review your expression of wish with the annual statement we send, or you can get the form from Pension Services or print out one from the website [www.oxfordshire.gov.uk/pensionforms](http://www.oxfordshire.gov.uk/pensionforms)

If any part of the death grant has not been paid within two years it must be paid to your personal representatives i.e. to your Estate. Your personal representatives will need to inform HM Revenue and Customs if, together with the lump sum death grant, the value of all your pension benefits - but not including any spouse's, **civil partner's**, **eligible cohabiting partner's** or dependant's pension you may be entitled to – exceeds the HM Revenue and Customs lifetime allowance. Under HM Revenue and Customs rules, any excess will be subject to a recovery tax charge. Most scheme members' pension savings will be less than the allowance. You can find more information on this from the section on **TAX CONTROLS AND YOUR LGPS BENEFITS**.

If you left with deferred benefits **before** 1 April 2014 and die before receiving them and you are also an active member when you die the greater of the following will be paid:

- **A lump sum death grant** of 5 times (or, if you left before 1 April 2008, 3 times) your deferred annual pension, **or**
- **A death in service lump sum** of three times your **assumed pensionable pay**

If you leave with deferred benefits **after** 31 March 2014 and die before receiving them and you are also an active member when you die, the following benefits are payable:

- **A lump sum death grant** of 5 times your deferred annual pension, **plus**
- **A death in service lump sum** of three times your **assumed pensionable pay**

If you paid **Additional Voluntary Contributions (AVCs)** arranged through the LGPS (in-house AVCs), the value of your AVC fund is also payable.

**A survivor's pension.** A pension will be paid to your spouse, registered **civil partner** or, subject to certain qualifying conditions, your **eligible cohabiting partner**. This pension is payable immediately after your death for the rest of their life and will increase every year in line with the cost of living.

- **For your spouse (from an opposite sex or same sex marriage) :**

For each year of membership you built up **from** 1 April 2014 you were credited with a pension equal to a proportion (i.e.  $1/49^{\text{th}}$  or, for any period you were in the 50/50 section of the scheme,  $1/98^{\text{th}}$ ) of the **pensionable pay** (or **assumed pensionable pay** where applicable) you received during that year. The pension payable to your spouse is calculated on a different proportion i.e.  $1/160^{\text{th}}$  of the **pensionable pay** (or **assumed pensionable pay** where applicable) to which is added  $49/160^{\text{ths}}$  of the amount of any pension credited to your **pension account** following a transfer of pension rights into the scheme from another pension scheme or arrangement.

For final salary membership built up **before** 1 April 2014, the pension payable is equal to  $1/160^{\text{th}}$  of your **final pay** times the period of your membership in the scheme up to 31 March 2014 upon which your deferred pension is based, unless you marry after leaving in which case it could be less. If you marry while your pension is deferred:

- your husband's pension is based on your membership after 5 April 1988
- your wife's pension is based on your membership after 5 April 1978
- the survivor's pension of a same sex marriage is based on your membership after 5 April 1988.

- **For your *civil partner*.**

For each year of membership you built up **from** 1 April 2014 you were credited with a pension equal to a proportion (i.e.  $1/49^{\text{th}}$  or, for any period you were in the 50/50 section of the scheme,  $1/98^{\text{th}}$ ) of the **pensionable pay** (or **assumed pensionable pay** where applicable) you received during that year. The pension payable to your **civil partner** is calculated on a different proportion i.e.  $1/160^{\text{th}}$  of the **pensionable pay** (or **assumed pensionable pay** where applicable) to which is added  $49/160^{\text{ths}}$  of the amount of any pension credited to your **pension account** following a transfer of pension rights into the scheme from another pension scheme or arrangement.

For final salary membership built up **before** 1 April 2014, the pension payable is equal to  $1/160^{\text{th}}$  of your **final pay** times the period of your membership in the scheme up to 31 March 2014 (including any additional membership purchased by you) upon which your deferred pension is based unless you enter into a **civil partnership** after leaving in which case your **civil partner's** pension would be based on your membership after 5 April 1988 (or on all of your membership if you became a deferred member before 1 April 2014 and had made an election before 1 April 2015 for pre 6 April 1988 membership to also count).

- **For your *eligible cohabiting partner*.**

For each year of membership you built up **from** 1 April 2014 you were credited with a pension equal to a proportion (i.e.  $1/49^{\text{th}}$  or, for any period you were in the 50/50 section of the scheme,  $1/98^{\text{th}}$ ) of the **pensionable pay** (or **assumed pensionable pay** where applicable) you received during that year. The pension payable to your **eligible cohabiting partner** is calculated on a

different proportion i.e.  $1/160^{\text{th}}$  of the **pensionable pay** (or **assumed pensionable pay** where applicable) to which is added  $49/160^{\text{ths}}$  of the amount of any pension credited to your **pension account** following a transfer of pension rights into the scheme from another pension scheme or arrangement.

For final salary membership built up **before** 1 April 2014, the pension payable is equal to  $1/160^{\text{th}}$  of your **final pay** times the period of your membership in the scheme after 5 April 1988 and up to 31 March 2014 (including any additional membership purchased by you), upon which your deferred pension is based, **plus** any of your membership before 6 April 1988 for which, under an election made prior to 1 April 2014, you have paid additional contributions so that it counts towards an **eligible cohabiting partner's** pension.

If your deferred pension is subject to a Pension Sharing Order issued by the Court following an earlier divorce or dissolution of a **civil partnership**, or is subject to a qualifying agreement in Scotland, your spouse's, **civil partner's** or **eligible cohabiting partner's** pension will be reduced in consequence of that Court Order or agreement. For more information see the section on **PENSIONS AND DIVORCE OR DISSOLUTION OF A CIVIL PARTNERSHIP**.

If your membership in the LGPS includes a **Guaranteed Minimum Pension (GMP)**, your wife's pension for that part of your membership prior to 6 April 1997 must not be less than half your **GMP**. Your husband or **civil partner's** pension for that part of your membership prior to 6 April 1997 must not be less than half your **GMP** built up after 5 April 1988.

**Children's pensions** - these are payable to **eligible children** and increase every year in line with the cost of living.

The amount of pension depends on the number of **eligible children** you have:

- **If a survivor's pension is being paid to your spouse, civil partner or eligible cohabiting partner,**

**One child** would receive:

For each year of membership you built up **from** 1 April 2014 you were credited with a pension equal to a proportion (i.e.  $1/49^{\text{th}}$  or, for any period you were in the 50/50 section of the scheme,  $1/98^{\text{th}}$ ) of the **pensionable pay** (or **assumed pensionable pay** where applicable) you received during that year. The child's pension payable is calculated on a different proportion i.e.  $1/320^{\text{th}}$  of the **pensionable pay** (or **assumed pensionable pay** where applicable) to which is added  $49/320^{\text{ths}}$  of the amount of any pension credited to your **pension account** following a transfer of pension rights into the scheme from another pension scheme or arrangement.

For final salary membership built up **before** 1 April 2014, the pension payable is equal to  $1/320^{\text{th}}$  of your **final pay** times the period of your membership in the scheme up to 31 March 2014 upon which your deferred pension is based.

**Two or more children** would receive:

For each year of membership you built up **from** 1 April 2014 you were credited with a pension equal to a proportion (i.e.  $1/49^{\text{th}}$  or, for any period you were in the 50/50 section of the scheme,  $1/98^{\text{th}}$ ) of the **pensionable pay** (or **assumed pensionable pay** where applicable) you received during that year. The children's pension payable is calculated on a different proportion i.e.  $1/160^{\text{th}}$  of the **pensionable pay** (or **assumed pensionable pay** where applicable) to which is

added  $49/160^{\text{ths}}$  of the amount of any pension credited to your ***pension account*** following a transfer of pension rights into the scheme from another pension scheme or arrangement. The pension would be shared equally between the ***eligible children***.

For final salary membership built up **before** 1 April 2014, the pension payable is equal to  $1/160^{\text{th}}$  of your ***final pay*** times the period of your membership in the scheme up to 31 March 2014 upon which your deferred pension is based. The pension would be shared equally between the ***eligible children***.

- **If there is no spouse's, civil partner's or eligible cohabiting partner's pension being paid,**

**One child** would receive:

For each year of membership you built up **from** 1 April 2014 you were credited with a pension equal to a proportion (i.e.  $1/49^{\text{th}}$  or, for any period you were in the 50/50 section of the scheme,  $1/98^{\text{th}}$ ) of the ***pensionable pay*** (or ***assumed pensionable pay*** where applicable) you received during that year. The child's pension payable is calculated on a different proportion i.e.  $1/240^{\text{th}}$  of the ***pensionable pay*** (or ***assumed pensionable pay*** where applicable) to which is added  $49/240^{\text{ths}}$  of the amount of any pension credited to your ***pension account*** following a transfer of pension rights into the scheme from another pension scheme or arrangement.

For final salary membership built up **before** 1 April 2014, the pension payable is equal to  $1/240^{\text{th}}$  of your ***final pay*** times the period of your membership in the scheme up to 31 March 2014 upon which your deferred pension is based.

**Two or more children** would receive:

For each year of membership you built up **from** 1 April 2014 you were credited with a pension equal to a proportion (i.e.  $1/49^{\text{th}}$  or, for any period you were in the 50/50 section of the scheme,  $1/98^{\text{th}}$ ) of the ***pensionable pay*** (or ***assumed pensionable pay*** where applicable) you received during that year. The childrens' pension payable is calculated on a different proportion i.e.  $1/120^{\text{th}}$  of the ***pensionable pay*** (or ***assumed pensionable pay*** where applicable) to which is added  $49/120^{\text{ths}}$  of the amount of any pension credited to your ***pension account*** following a transfer of pension rights into the scheme from another pension scheme or arrangement. The pension would be shared equally between the ***eligible children***.

For final salary membership built up **before** 1 April 2014, the pension payable is equal to  $1/120^{\text{th}}$  of your ***final pay*** times the period of your membership in the scheme up to 31 March 2014 upon which your deferred pension is based. The pension would be shared equally between the ***eligible children***.

**If you were a member of the LGPS before 1 April 2014 and you paid additional regular contributions (ARCs) to buy extra LGPS pension** and you opted to pay for dependant's benefits when you took out your original contract, then extra benefits will be payable to your spouse, registered ***civil partner*** or ***eligible cohabiting partner*** and to ***eligible children***.

## Who is the lump sum death grant paid to?

Your administering authority, Oxfordshire Pension Fund has absolute **discretion** over who receives any lump sum death grant; they can pay it to your nominee or personal representatives or to any person who appears, at any time, to have been your relative or dependant. The LGPS, however, allows you to express your wish as to who you would like any death grant to be paid to by completing and returning an expression of wish form. If any part of the death grant has not been paid within two years, it must be paid to your personal representatives, i.e. to your Estate. If you have not already made your wishes known, or you wish to update / change a previous expression of wish, use the form on [www.oxfordshire.gov.uk/pensionforms](http://www.oxfordshire.gov.uk/pensionforms) or contact Pension Services.

Remember to complete a new form if your wishes change.

If you have paid AVCs and a lump sum is to be paid from the your AVC fund, the administering authority has absolute **discretion** over who to pay that sum to, provided the AVC contract was taken out on or after 1 April 2014. If the AVC contract was taken out before then, the administering authority must pay any AVC lump sum to your estate.

## What will happen if I wish to transfer my LGPS benefits to another (non LGPS) scheme?

If you are joining another pension arrangement, you may wish to consider transferring your LGPS benefits to it. This may even be to an overseas pension scheme or arrangement that meets HM Revenue and Customs conditions. You cannot transfer your benefits (other than AVCs) if you leave less than one year before your **Normal Pension Age**. An option to transfer (other than in respect of AVCs) must be made at least 12 months before your **Normal Pension Age**.

You can only transfer benefits from the LGPS if you have not already drawn benefits from the LGPS (either in your current employment or any earlier employment). Also, if you hold more than one deferred benefit in the LGPS in England and Wales (either in the same or separate LGPS pension funds), you will be required to transfer all or none of the benefits you hold. It is not possible to transfer one deferred benefit whilst retaining another deferred benefit in the LGPS.

Your new pension provider will require a transfer value quotation which, under the provisions introduced by the Pensions Act 1995, **Pension Services** will guarantee for a period of three months from the date of calculation (known as the 'Guarantee Date'). 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 'Guarantee Date'. If payment is not made within this period **Pension Services** 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.

Transfer values are calculated in accordance with the terms and conditions of the Local Government Pension Scheme Regulations 2013 which comply with the requirements of the Pensions Schemes Act 1993.

If you are considering whether to transfer benefits, make sure you have full information about the two pension arrangements i.e. details of what your benefits are worth in the LGPS and details of what your benefits would be worth in the new pension scheme, if transferred. When you compare your options, don't forget that your LGPS benefits are guaranteed cost of living increases.

Transfers to public sector schemes usually give benefits that are broadly equivalent to those in the LGPS, under what are known as **Club transfer rules**, provided you apply for the transfer within 12 months of joining your new pension scheme and have not had a break in membership of more than 5 years between leaving the LGPS and joining the new **public service pension scheme**. However, transferring your pension rights is not always an easy decision to make and you may, therefore, wish to seek the help of an independent financial adviser before you make a decision to transfer your deferred benefits to a personal pension plan, stakeholder pension scheme, buy-out insurance policy or to an employer's money purchase scheme, as you will be bearing all of the investment risk which could significantly affect your future pension benefits.

Transferring your pension rights is not always an easy decision to make and you may, therefore, wish to seek the help of an independent financial adviser before you make a decision to transfer your deferred benefits to a personal pension plan, stakeholder pension scheme, buy-out insurance policy or to an employer's money purchase scheme, as you will be bearing all of the investment risk which could significantly affect your future pension benefits.

**If you are transferring from the LGPS (where benefits are termed 'safeguarded benefits') to an arrangement which is termed as offering 'flexible benefits'** (i.e. those benefits which are part of a defined contribution scheme which are flexible) then you must take appropriate independent financial advice before transferring. This is a legal requirement if the cash equivalent transfer value of all your benefits in the LGPS (excluding any Additional Voluntary Contributions (AVCs)) is more than £30,000. If the cash equivalent transfer value of all your benefits in the LGPS (excluding any Additional Voluntary Contributions (AVCs)) is £30,000 or less you are not legally required to take advice. However, transferring your pension rights is not always an easy decision to make and seeking the help of an independent financial adviser before you make a decision to transfer your deferred benefits (to a personal pension plan, stakeholder pension scheme, buy-out insurance policy or an employer's money purchase scheme) could help you in making an appropriate decision given your decision could significantly affect your future pension benefits.

If you are considering whether to transfer benefits, make sure you have full information about the two pension arrangements; details of what your benefits are worth in the LGPS and details of what your benefits would be worth in the new pension scheme, if transferred. When you compare your options, don't forget that your LGPS benefits are guaranteed cost of living increases.

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**

### What happens if I change jobs but remain in the LGPS?

If you are changing your job, but still working in **local government** or for another employer who offers you membership of the LGPS, or if you re-join the LGPS before your deferred benefits are paid, your deferred benefits are automatically joined with your new active **pension account** when you rejoin the scheme, unless you elect to keep them separate.

If you wish to keep your deferred benefits separate you must elect to do so within 12 months of re-joining the LGPS, unless your employer allows you longer. This is an employer's **discretion** and you can ask your employer what their policy is on this matter.

If you wish to transfer your LGPS pension rights you should contact your current or former LGPS administrator as soon as possible to commence the process and find out about the matters you will need to consider in making your decision.

Please note that special rules apply if you were a member of the LGPS in England or Wales on or before 31 March 2014 – see the section **TRANSFERRING PENSION RIGHTS INTO THE LGPS** for more information.

Please also note that if you became entitled to your deferred benefit as a result of making an election to opt out of membership of the scheme you will not be permitted to join your two periods of membership together and, instead, you will have two separate sets of pension benefits in the scheme.

### What if I have two or more LGPS jobs?

If you have two or more jobs in which you pay into the LGPS at the same time and you leave one (or more) but not all of them, and you are entitled to deferred benefits from the job (or jobs) you have left, your deferred benefits from the job that has ended are automatically transferred to the active **pension account** for the job you are continuing in, unless you elect to keep them separate. If you wish to keep your deferred benefits separate you must elect to do so within 12 months of re-joining the LGPS, unless your employer allows you longer. This is an employer **discretion** and you can ask your employer what their policy is on this matter.

If you are not entitled to deferred benefits from the job (or jobs) you have left, you cannot have a refund of your contributions and you must transfer your benefits to the **pension account** for the job you are continuing in.

Please note that special rules apply if you were a member of the LGPS in England or Wales on or before 31 March 2014 – see the section **TRANSFERRING PENSION RIGHTS INTO THE LGPS** for more information.

Additionally, if you have membership built up before 1 April 2014 which you aggregate with the membership in the job you are continuing in, then this membership is adjusted to reflect any difference in the whole-time rates of pay between the jobs as follows:

Membership in the job you have left x  $\frac{\text{whole-time rate of pay in the job that has ceased}}{\text{whole-time rate of pay in the job that is continuing}}$

### What happens if my job is transferred to a private contractor?

If your job is transferred to a private contractor, the contractor will normally be required to provide you with continued access to the LGPS or to offer you a pension scheme that is broadly equivalent to the LGPS. The contractor may become an **admission body** in the LGPS and this would allow you to stay in the LGPS so long as you continue working on the delivery of the **contracted out** service. If the contractor becomes an **admission body** your LGPS benefits prior to the transfer of your job to the contractor can be joined with your post transfer pension account, see the section **Transferring Pension Rights into the LGPS**. Alternatively, the contractor may be able to offer you a broadly comparable scheme. This does not mean that the new scheme must mirror the

benefits of the LGPS, but the value of the package offered by the new scheme must be broadly equivalent to the LGPS. If you are offered a broadly comparable scheme you would have the same options available to you regarding your accrued LGPS benefits as anyone else leaving the LGPS before retirement.

**The information in this leaflet is based on the Local Government Pension Scheme Regulations 2013 (as amended) and the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (both effective from 1 April 2014) and amendments and other relevant legislation. It applies to individuals who were contributing members of the Local Government Pension Scheme (LGPS) on 1 April 2014 or who have joined the scheme on or after that date. This leaflet is for employees in England or Wales and reflects the provisions of the LGPS and overriding legislation at the time of publication April 2017**

**In the future the Government may make changes to overriding legislation and, after consultation with interested parties, may make changes to the LGPS.**

**This leaflet is for general use and cannot cover every personal circumstance nor does it cover specific protected rights that apply to a very limited number of employees. In the event of any dispute over your pension benefits, the appropriate legislation will prevail as this booklet does not confer any contractual or statutory rights and is provided for information purposes only.**

**The leaflet, with the full set in the series, explains the benefits available to you as a member of the LGPS. It describes how the scheme works, what it costs to be a member and the financial protection that it offers to you and your family.**

**Where pension terms are used, they appear in *bold italic* type and are described further at the end of the leaflet.**

**The national website for members of the LGPS who contribute to the scheme on or after 1 April 2014 is [www.lgpsmember.org](http://www.lgpsmember.org)**

## More information

For more information or if you have a problem or question about your LGPS benefits, please contact

### General enquiries

#### Pension Services

Oxfordshire County Council  
4640 Kingsgate  
Oxford Business Park South  
Oxfordshire County Council  
OX4 2SU

**Telephone:** 03300 241 359

We will pass on your call to our administration team for more detailed enquiries

**Fax** 01865 783108

**E-mail:** [pension.services@oxfordshire.gov.uk](mailto:pension.services@oxfordshire.gov.uk)

Please make an appointment if you wish to visit the office to discuss your LGPS pension.

**Website:** [www.oxfordshire.gov.uk/pensions](http://www.oxfordshire.gov.uk/pensions)

The national web site for members of the LGPS is [www.lgps2014.org](http://www.lgps2014.org).

You can find out about what you can do if you are not happy about a decision made about your LGPS pension position from the leaflet [HELP WITH PENSION PROBLEMS](#).

### Explanation of the terms as they appeared in *bold italic type* in this leaflet

#### **Additional Voluntary Contributions (AVCs)**

These are extra payments to increase your future benefits. You can also pay AVCs to provide additional life cover.

All local government pension funds have an AVC arrangement in which you can invest money through an AVC provider, often an insurance company or building society. AVCs are deducted directly from your pay and attract tax relief.

#### **Admission Body**

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.

#### **Assumed Pensionable Pay**

This provides a notional **pensionable pay** figure to ensure your pension is not affected by any reduction in **pensionable pay** due to a period of sickness or injury on reduced contractual pay or no pay, or **relevant child related leave** or **reserve forces service leave**.

If you have a period of reduced contractual or no pay due to sickness or injury or you have a period of **relevant child related leave** or **reserve forces service leave** then your employer needs to provide the pension fund with the **assumed pensionable pay** you would have received during that time unless during the period of **relevant child related leave** the **pensionable pay** received was higher than the value of the **assumed pensionable pay**. This requires a calculation to be carried out by your employer to determine what your pay would have been for the period when you were on reduced contractual pay or no pay due to sickness or the period of **relevant child related leave** or **reserve forces service leave**.

The **assumed pensionable pay** is calculated as the average of the **pensionable pay** you received for the 12 weeks (or 3 months if monthly paid) before the pay period in which you went on to reduced pay or no pay because of sickness or injury or before you started a period of **relevant child related leave** or **reserve forces service leave**. In calculating the average, any reduction due to authorised leave of absence or due to a trade dispute is ignored. The resulting figure is then grossed up to an annual figure and then divided by the period of time you were on reduced pay or no pay for sickness or injury or on **relevant child related leave** or **reserve forces service leave**.

**Assumed pensionable pay** is also used to work out any enhancement to your pension awarded as a result of ill health retirement, any lump sum death grant following death in service, and any enhancement which is included in survivor benefits following death in service. The **assumed pensionable pay** for these purposes is calculated as the average of the **pensionable pay** you received for the 12 weeks (or 3 months if monthly paid) before you died in service or before you left employment due to ill-health retirement. In calculating the average, any reduction due to authorised leave of absence or due to a trade dispute is ignored. Also, where an independent registered medical practitioner certifies that, during the period used to determine **assumed pensionable pay**, you were working reduced contractual hours because of the ill-health which led to your retirement or death in service, the **assumed pensionable pay** is to be calculated

on the pay you would have received during that period had you not been working reduced contractual hours. The resulting figure is then grossed up to an annual figure.

### Civil Partnership

A **Civil Partnership** is a relationship between two people of the same sex (civil partners) which is formed when they register as civil partners of each other.

### Club transfer rules

**Club transfer rules** allow certain **occupational pension schemes**, mainly **public service pension schemes**, to calculate transfers on a special terms. Transfers into the LGPS, including final salary membership from other public sector club transfer schemes (usually membership up to 31 March 2015), or transfers out of the LGPS to other public sector club schemes (including final salary membership built up before 1 April 2014), provide benefits that are broadly equivalent across both schemes. Provided there is not a continuous break in active membership of a **public service pension scheme** of more than 5 years, any final salary membership transferred would purchase a period of membership and retain a final salary link. Pension Services will provide you with further information on club transfers should this apply to you.

### Consumer Prices Index (CPI)

The *Consumer Price Index (CPI)* is the official measure of inflation of consumer prices in the United Kingdom. This is currently the measure used to adjust your *pension account* at the end of every *scheme year* when you are an active member of the scheme and, after you have ceased to be an active member, it is used to increase (each April) the value of your deferred pension in the scheme and any pension in payment from the scheme. The adjustment ensures your pension keeps up with the cost of living.

### Contracted out

The LGPS was formerly **contracted out** of the **State Earning Related Pension Scheme (SERPS)** and the **State Second Pension (S2P)**. This meant that, up until 5 April 2016, prior to **State Pension Age** you paid reduced National Insurance contributions between certain thresholds (unless you had opted to pay the married woman's/widow's reduced rate of National Insurance). The LGPS guarantees to pay you a **Guaranteed Minimum Pension (GMP)** for being **contracted out** of the **State Earning Related Pension Scheme (SERPS)**.

From 6 April 2016 the 'contracted out' status ceased to exist for all pension schemes due to the introduction of the new single tier State Pension. Therefore, from 6 April 2016 members of the LGPS pay the standard rate of National Insurance.

### Discretion

This is the power given by the LGPS to enable your employer or Oxfordshire County Council Pension Fund (OCCPF) to choose how they will apply the scheme in respect of certain provisions. Under the LGPS your employer or Oxfordshire County Council Pension Fund (OCCPF) are obliged to consider how to exercise their **discretion** and, in respect of some (but not all) of these discretionary provisions, to have a written policy on how they will apply their **discretion**. They have a responsibility to act with 'prudence and propriety' in formulating their policies and must keep them under review. You may ask your employer or your administering authority what their policy is in relation to a **discretion**. Your administering authority is Oxfordshire County Council

### Eligible children

**Eligible children** are your children. They must, at the date of your death:

- be your natural child (who must be born within 12 months of your death), or
- be your adopted child, or
- be your step-child or a child accepted by you as being a member of your family (this doesn't include a child you sponsor for charity) and be dependent on you.

**Eligible children** must meet the following conditions:

- be under age 18, or

- be aged 18 or over and under 23 and in full-time education or vocational training (although your administering authority can continue to treat the child as an eligible child notwithstanding a break in full-time education or vocational training), or
- be unable to engage in gainful employment because of physical or mental impairment and either:
  - has not reached the age of 23, or
  - the impairment is, in the opinion of an independent registered medical practitioner, likely to be permanent and the child was dependent on you at the date of your death because of that mental or physical impairment.

### Eligible cohabiting partner

An **eligible cohabiting partner** is a partner you are living with who, at the date of your death, has met all of the following conditions for a continuous period of at least 2 years:

- you and your cohabiting partner are, and have been, free to marry each other or enter into a **civil partnership** with each other, and
- you and your cohabiting partner have been living together as if you were husband and wife, or **civil partners**, and
- neither you or your cohabiting partner have been living with someone else as if you/they were husband and wife or **civil partners**, and
- either your cohabiting partner is, and has been, financially dependent on you or you are, and have been, financially interdependent on each other.

Your partner is financially dependent on you if you have the highest income. Financially interdependent means that you rely on your joint finances to support your standard of living. It doesn't mean that you need to be contributing equally. For example, if your partner's income is a lot more than yours, he or she may pay the mortgage and most of the bills, and you may pay for the weekly shopping.

On your death, a survivor's pension would be paid to your cohabiting partner if:

- all of the above criteria apply at the date of your death, and
- your cohabiting partner satisfies Oxfordshire County Council Pension Fund Committee that the above conditions had been met for a continuous period of at least 2 years immediately prior to your death.

You are not required to complete a form to nominate a cohabiting partner for entitlement to a cohabiting partner's pension. However, you can provide Pension Services with your cohabiting partner's details. Pension Services will require evidence upon your death to check that the conditions for a cohabiting partner's pension are met.

### Final pay

This is usually the pay in respect of (i.e. due for) your final year of scheme membership on which you paid contributions, or one of the previous 2 years if this is higher, and includes your normal pay, contractual shift allowance, bonus, contractual overtime (but not non-contractual overtime), Maternity Pay, Paternity Pay, Adoption Pay, and any other taxable benefit specified in your contract as being pensionable.

If you were part-time for all or part of the final year the whole-time pay that you would have received if you had worked whole-time is used and if your pay in your final year was reduced because of sickness or **relevant child related leave**, **final pay** is the pay you would have received had you not been on sick leave or **relevant child related leave**.

For more information on the calculation of **final pay** please see the section **IF YOU JOINED THE LGPS BEFORE 1 APRIL 2014**.

### Guaranteed Minimum Pension (GMP)

The LGPS guarantees to pay you a pension that is at least as high as you would have earned had you not been **contracted out** of the **State Earning Related Pension Scheme (SERPS)** at any time between 6 April 1978 and 5 April 1997. This is called the **Guaranteed Minimum Pension (GMP)**.

### Local Government

The term **local government** in this booklet also covers police and fire civilian staff, a coroner, civil servants engaged in probation provision, a Mayoral development corporation, a conservation board, a valuation tribunal, a passenger transport authority, the Environment Agency, and non-teaching employees of an Academy employer, an Education Action Forum, a sixth form college corporation or a Further or Higher Education Corporation.

### Normal Pension Age

**Normal Pension Age** is linked to your **State Pension Age** for benefits built up from April 2014 (but with a minimum of age 65) and is the age at which you can take the pension you have 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.

You can use the Government's **State Pension Age** calculator ([www.gov.uk/calculate-state-pension](http://www.gov.uk/calculate-state-pension)) to find out your **State Pension Age**.

Remember that your **State Pension Age** may change in the future and this would also change your **Normal Pension Age** in the LGPS for benefits built up from April 2014. Once you start drawing your pension any subsequent change to your **State Pension Age** will not affect your **Normal Pension Age** in the LGPS.

If you were paying into the LGPS before 1 April 2014 your final salary benefits retain their protected **Normal Pension Age** - which for most is age 65. However all pension benefits drawn on normal retirement must be taken at the same date i.e. you cannot separately draw your final salary benefits (built up before April 2014) at age 65 and your benefits in your **pension account** (built up from April 2014) at your **Normal Pension Age** (which for your benefits built up from April 2014 is linked to your **State Pension Age** but with a minimum of age 65). See the leaflet **YOUR LGPS RETIREMENT BENEFITS**

### Pension Account

Each **scheme year** the amount of pension you have built up during the year is worked out and this amount is added into your active **pension account**. Adjustments may be made to your account during the **scheme year** to take account of any transfer of pension rights into the account during the year, any additional pension you may have decided to purchase during the year or which is granted to you by your employer, any reduction due to a Pension Sharing Order or qualifying agreement in Scotland (following a divorce or dissolution of a **civil partnership**) and any reduction due to an Annual Allowance tax charge that you have asked the scheme to pay on your behalf. Your account is then revalued to take account of the cost of living. This adjustment is carried out in line with the Treasury Revaluation Order index which, currently, is the rate of the **Consumer Prices Index (CPI)**.

You will have a separate **pension account** for each employment. That **pension account** will hold the entire pension built-up for that employment.

In addition to an active member's **pension account** there are also:

- a deferred member's **pension account**;
- a deferred refund account;
- a retirement **pension account**;
- a flexible retirement **pension account**;
- a deferred pensioner member's account;
- a pension credit account; and
- a survivor member's account.

These accounts will be adjusted by any debits for any Pension Sharing Order or qualifying agreement in Scotland (following a divorce or dissolution of a **civil partnership**) and for any Annual Allowance tax charge that you have asked the scheme to pay on your behalf. These accounts are currently increased each April in line with the **Consumer Prices Index (CPI)**.

### Pensionable Pay from April 2014

The pay on which you normally pay contributions is your normal salary or wages plus any shift allowance, bonuses, overtime (both contractual and non-contractual), Maternity Pay, Paternity Pay, Adoption Pay and any other taxable benefit specified in your contract as being pensionable.

You do not pay contributions on any travelling or subsistence allowances, pay in lieu of notice, pay in lieu of loss of holidays, any payment as an inducement not to leave before the payment is made, any award of compensation (other than payment representing arrears of pay) made for the purpose of achieving equal pay, pay relating to loss of future pensionable payments or benefits, any pay paid by your employer if you go on **reserve forces service leave** nor (apart from some historical cases) the monetary value of a car or pay received in lieu of a car.

### Public service pension scheme

A **public service pension scheme** includes a pension scheme covering civil servants, the judiciary, the armed forces, any scheme in England, Wales or Scotland covering **local government** workers, or teachers, or health service workers, or fire and rescue workers or members of the police forces; or membership of a new public body pension scheme.

### Relevant Child Related Leave

**Relevant child related leave** includes periods of Ordinary Maternity, Adoption or Shared Parental Leave (normally first 26 weeks), Paternity Leave and any periods of paid Additional Maternity or Adoption Leave (normally after week 26 weeks up week 39) or Shared Parental Leave

### Reserve Forces Service Leave

This occurs when a Reservist is mobilised and called upon to take part in military operations. The period of mobilisation can range from three months or less and up to a maximum of 12 months. During a period of **reserve forces service leave** you will, if you elect to stay in the LGPS during that leave, continue to build up a pension based on the rate of **assumed pensionable pay** you would have received had you not been on **reserve forces service leave**.

### State Pension Age

This is the earliest age you can receive the state basic pension. **State Pension Age** is currently age 65 for men. **State Pension Age** for women is currently being increased to be equalised with that for men and will reach 65 by December 2018.

### State Pension Age equalisation timetable for women

Date of Birth	New State Pension Age
Before 6 April 1950	60
6 April 1950 - 5 April 1951	In the range 60 - 61
6 April 1951 - 5 April 1952	In the range 61 - 62
6 April 1952 - 5 April 1953	In the range 62 - 63
6 April 1953 - 5 August 1953	In the range 63 - 64
6 August 1953 - 5 December 1953	In the range 64 - 65

The **State Pension Age** will then increase to 66 for both men and women from December 2018 to October 2020.

### Increase in State Pension Age from 65 to 66 for men and women

Date of Birth	New State Pension Age
6 December 1953 - 5 October 1954	In the range 65 - 66
After 5 October 1954	66

Under current legislation the **State Pension Age** is due to rise to 67 between 2026 and 2028 and to 68 between 2044 and 2046. However, the government has announced plans to link rises in the **State Pension Age** above age 67 to increases in life expectancy. To find out your **State Pension Age** please visit <https://www.gov.uk/calculate-state-pension>.

### State Second Pension (S2P)

The **State Second Pension** (formerly **SERPS**) was the additional state pension, payable to individuals from **State Pension Age** if they attained **State Pension Age** before 6 April 2016. Initially, S2P was an earnings-related pension but from April 2009 it began building up as a flat rate pension until 6 April 2016 when it was replaced with the new single tier State Pension.

The Government introduced a new single tier State Pension from 6 April 2016. For information about the new State Pension see [www.gov.uk/new-state-pension](http://www.gov.uk/new-state-pension)

### Vesting Period

The **vesting period** in the LGPS is 2 years. You will meet the 2 years **vesting period** if:

- you have been a member of the LGPS in England and Wales for 2 years, or
- you have brought a transfer of pension rights into the LGPS in England or Wales from a different **occupational pension scheme** or from a European pensions institution and the length of service you had in that scheme or institution was 2 or more years or, when added to the period of time you have been a member of the LGPS is, in aggregate, 2 or more years, or
- you have brought a transfer of pension rights into the LGPS in England or Wales from a pension scheme or arrangement where you were not allowed to receive a refund of contributions, or
- you have previously transferred pension rights out of the LGPS in England or Wales to a pension scheme abroad (i.e. to a qualifying recognised overseas pension scheme), or
- you already hold a deferred benefit or are receiving a pension from the LGPS in England or Wales (other than a survivor's pension or pension credit member's pension), or
- you paid National Insurance contributions whilst a member of the LGPS and cease to contribute to the LGPS in the tax year of attaining pension age,
- you cease to contribute to the LGPS at age 75, or
- you die in service.