

Local Government Pension Scheme (LGPS) Contribution Flexibility

Option to pay less

There is an option in the scheme called '50/50'. You can elect for this option at any time, pay half your normal contributions and build up half your normal pension.

How does 50/50 work?

There are two sections in the scheme – the main section and the 50/50 section. The main section of the scheme is the section you will automatically be placed in. In that section, you pay normal contributions and build up the normal pension.

The 50/50 section is a new option. You will be able to elect to move to this section if you wish. If you do so, you will then pay half contributions but, whilst you are in the 50/50 section, you will only be building up half the normal pension. If you have more than one employment you can elect for the 50/50 option in one, some or all your employments.

Your additional benefits remain unchanged regardless of which section of the scheme you are enrolled in:

- Lump sum payable on death in service
- Survivor benefits payable upon death
- Enhancement granted if retired on the ground of permanent ill health

Who can elect for 50/50?

Any member can elect to pay into the 50/50 section at any time. An election to join this section must be made in writing to **your employer**. This will take effect from your next available pay period.

50/50 Scheme membership

A member electing for the 50/50 section cannot continue to pay into or take out an Additional Pension Contribution (APC) arrangement or a shared cost APC arrangement (unless it is to purchase an amount of pension "lost" due to a trade dispute or unpaid authorised leave of absence, including a period of unpaid maternity, paternity or adoption leave).

How long can you remain in the 50/50 section?

The 50/50 section is designed to be a short-term option for when times are financially tough. Because of this your employer is required to re-enrol you back into the main section of the scheme every three years. This will be carried out in line with your employer's automatic re-enrolment date. Your employer will tell you when this is if you're in the 50/50 section of the scheme. If you wish to continue in the 50/50 section at that point you would need to make another election to remain in that section.

You can choose to revert back to the main section of the scheme at any time by informing **your employer** in writing and you will then start to build up full benefits in the main section from your next available pay period. You will automatically revert to the main section if you are off sick and commence a period of nil pay.

How much will I pay?

From 1 April 2024 your contribution rate will be determined by reference to your actual pensionable pay. There are 9 different pay bands with rates ranging from 5.5% to 12.5% as detailed in the following table:

Actual / Assumed Pensionable Pay	Contribution rate for that employment	
	Main section	50/50 section
Up to £17,600	5.5%	2.75%
£17,601 to £27,600	5.8%	2.90%
£27,601 to £44,900	6.5%	3.25%
£44,901 to £56,800	6.8%	3.40%
£56,801 to £79,700	8.5%	4.25%
£79,701 to £112,900	9.9%	4.95%
£112,901 to £133,100	10.5%	5.25%
£133,101 to £199,700	11.4%	5.70%
£199,701 or more	12.5%	6.25%

While the average cost for members will still be 6.5%, higher paid scheme members will pay more. If you are part-time, it could cost you less as your contribution rate will be assessed on your part-time pay instead of the full-time equivalent pay.

If you elect to join the 50/50 section you will pay half the contributions you would have paid in the main section of the Scheme.

Contact Us

If you would like further information about the LGPS, you can contact us:

**LG Administration Team, Isle of Wight Council Pension Fund,
County Hall, Newport, Isle of Wight PO30 1UD**

Email: pensions@iow.gov.uk

MSS online portal: <https://www.iwcpensions.co.uk>

Telephone: 01983 823626

Website: IWPF <https://www.isleofwightpensionfund.org>