

## Local Government Pension Scheme (LGPS) Introduction to the LGPS

The LGPS is a defined benefits scheme meaning the benefits accrued are defined in legislation and therefore set out in law. There are set formulae and strict regulations governing how benefits are calculated and paid.

### THE COST TO BE A MEMBER OF THE LGPS

In the LGPS, you pay pension contributions each month based on your annual pay. Your employer also pays a monthly contribution. The amount you and your employer pay are not related to how we calculate your pension benefits. The contribution bandings for the 2025/26 financial year are as follows:

Actual / Assumed Pensionable Pay	Contribution rate for that employment	
	Main section	50/50 section
Up to £17,800	5.5%	2.75%
£17,801 to £28,000	5.8%	2.90%
£28,001 to £45,600	6.5%	3.25%
£45,601 to £57,700	6.8%	3.40%
£57,701 to £81,000	8.5%	4.25%
£81,001 to £114,800	9.9%	4.95%
£114,801 to £135,300	10.5%	5.25%
£135,300 to £203,000	11.4%	5.70%
£203,001 or more	12.5%	6.25%

Your contributions attract tax relief meaning the net cost is less than the gross cost for taxpayers.

Your contribution banding may change due to a pay award. Please check with any updated HR Pay policy to see if you might be affected.

### HOW YOUR PENSION IS CALCULATED

Under the current scheme, your pension builds each year at **1/49th** of your pensionable pay. The pension amount accrued each year is then revalued in line with the Consumer Price Index (CPI). Please note, that while your pension might be expected to increase each year, the pension amount could be reduced if CPI is negative.

### CONTRIBUTION FLEXIBILITY

There is an option to opt into the 50/50 scheme. What this means is that your pension contributions are halved. This can be seen in the above contribution table. However, this will also halve your pension accrual rate so that your pension is instead calculated using **1/98th** of your pensionable pay.

Please note that if you join the 50/50 scheme you will be enrolled back into the main scheme on your employers next automatic enrolment date. The 50/50 scheme is not designed to replace full scheme membership permanently.

### TRANSFERRING PREVIOUS PENSIONS INTO THE LGPS

You may be able to transfer a previous pension into the LGPS from your previous pension provider. You only have 12 months from joining the LGPS to transfer a previous pension into the scheme.

For information on how to transfer a previous pension into the scheme please refer to our transfer leaflet. The leaflet can be found on our website under the resources section: <https://isleofwightpensionfund.org/resources/>. The transfer leaflet can be located by searching *Transfer in Leaflet* in the keyword field.

## DEATH BENEFITS

The LGPS provides valuable life cover and financial protection for your family. Providing you have met the two-year vesting period, a pension is provided for your spouse, registered civil partner or subject to certain qualifying conditions, your eligible cohabiting partner and to your eligible children.

A lump sum death grant will be payable if you die whilst an active member of the scheme. We strongly advise that you complete your expression via our online portal, Member Self Service (MSS).

## LEAVING BEFORE RETIREMENT

If you leave the LGPS before you retire, you can choose what happens to the membership you have accrued whilst a member of the scheme. The choices you have depend on how long you have been a member.

## PURCHASING ADDITIONAL PENSION BENEFITS

There are currently two ways of making additional pension contributions:

- **Additional Voluntary Contributions (AVCs) with the Prudential** - This is a monthly contribution into a private pension provider. When you retire you can access this with your LGPS benefits. For more information and how to apply visit the Prudential website:  
<https://www.mandg.com/pru/workplace-pensions/employees/public-sector-avc-schemes/local-gov>  
Scroll down the page and select the *Isle of Wight Council Pension Fund* from the dropdown list. Click on the following box and select your employer from the dropdown list. We have several external employers participating in our scheme and your employer may not be listed. If this is the case, then select *Employer not listed* from the dropdown list and follow the instructions provided.
- **Additional Pension Contributions (APCs)** - You purchase a fixed amount of additional pension within the LGPS.

If you are interested in making additional contributions into the scheme, please contact us for further information.

## RETIREMENT OPTIONS

**Voluntary Retirement** – Your pension is payable from your normal retirement age without reduction. Your normal retirement age is linked to your state pension age. If you choose to retire before your normal pension age your benefits will be reduced because they are paid earlier and for longer.

**Flexible Retirement (Employer's Consent Required)** – From age 55, if you reduce your hours or move to a less senior position, you may be able to start receiving some or all the pension benefits you have built up even though you are still working. This may help you ease into retirement. You can still build up further pension in the LGPS. You must have your employer's permission for flexible retirement.

**Redundancy (cover from age 55)** – If you lose your job because of redundancy or business efficiency, provided you are aged 55 or over and you meet the 2 year vesting period, your main scheme benefits are payable immediately without any early retirement reductions.

**Ill Health Retirement (any age)** – To qualify for ill health benefits you have to have met the 2 years vesting period in the scheme and your employer, based on an opinion from an independent occupational health physician appointed by them, must be satisfied that you will be permanently unable to do your own job until your normal retirement age and that you are not immediately capable of undertaking gainful employment.

## OUR ONLINE PORTAL

Our online portal, Member Self-Service (MSS), is the most effective means of understanding your pension. You will receive a registration email from us once you have paid your first month's pension deduction. Please follow the instructions to complete the registration process. We have a guide to assist member's registering, and this can be found on the resource page of our website:  
<https://isleofwightpensionfund.org/resources/>.

## 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](mailto:pensions@iow.gov.uk)

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

**Telephone:** 01983 823626

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

Document ID: IntroLGPS

Updated: March 2025