

Local Government Pension Scheme (LGPS)

New Starter Information

- Joining the Local Government Pension Scheme (LGPS)

Introduction to the LGPS

- The LGPS is a Career Average Revalued Earnings Scheme (CARE) with guaranteed defined benefits.
- You will get valuable life cover, with a lump sum of 3 years pay if you die in service as well as cover for your family with pensions for dependants if you die and,
- Ill-health cover for you, should you be unable to work due to ill-health
- You continue to receive tax relief on contributions to the LGPS.
- You can give up some of your pension to get a tax free cash lump sum when you draw your benefits.
- Your employer will continue to contribute to the scheme.
- There are 9 contribution rates ranging from 5.5% to 12.5% in the main section of scheme, there are a further 9 contribution rates for those members who are in the 50/50 section ... where you pay half your normal rate of contributions.
- The amount you pay depends on your actual rate of pensionable pay. Your employer will decide the rate that you pay. This means if you are part-time you only pay contributions on your actual earnings.
- You can also elect to pay more contributions to buy extra pension, known as Additional Pension Contributions (APCs) and you continue to have the option to take out an Additional Voluntary Contributions (AVC).

Who can join?

- The LGPS is open to most employees in local government and other organisations and you will be automatically enrolled into the scheme if you:
 - have a contract of employment of three months or more
 - earn over £10,000 a year (or pro-rata pay period)
 - are age 22 or over
 - are under State Pension age
- You can carry on contributing towards other schemes such as a personal pension plan or stakeholder pension scheme

What does it Cost?

Contribution rates that apply from 1 April 2024 are as follows:

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%

50/50 Scheme Option

The option to pay less contributions is known as the 50/50 section. You can elect for this option at any time and pay half your normal contributions to build up half your normal pension.

It has been introduced in the scheme to encourage members who might otherwise opt-out because of financial difficulties to stay in the scheme and save for retirement.

Anyone can elect to join this section. If you elect to join you will start paying half contributions from your next available pay period and, for the period of time you are in the 50/50 section, you will build up half the pension you otherwise would have done. The amount of life cover and ill health cover you get from the Scheme are unaffected. If you have more than one job you can choose 50/50 for one, some or all your jobs. You can remain in the 50/50 section for up to 3 years. Your employer has to bring you back into the main section of the scheme whenever your 3 yearly automatic re-enrolment date falls. You would have to elect again to re-join the 50/50 section if you wanted to continue paying reduced contributions at that point.

Scheme Benefits of the LGPS

Each scheme year, you will build up a pension at a rate of 1/49th of the amount of pensionable pay you received in that scheme year. The amount of pension you build up is added to your Pension Account at the end of each scheme year. For any period you were in the 50/50 section the pension you build up will be half your normal rate.

Pensionable pay is the amount of pay on which you pay contributions. This includes non-contractual (as well as contractual) overtime and any additional hours worked in excess of your normal contractual hours. If you have more than one job, then you will have more than one Pension Account; one for each of your jobs. The amount of pension in your Pension Account at the end of each scheme year will be adjusted in line with the cost of living, currently measured by the Treasury Order Revaluation in accordance with actuarial guidance issued by the Secretary of State, to ensure it keeps its value.

When can I take my pension?

- **Voluntary resignation** - you will be able to choose to retire and draw your pension at any time between age 55 and 75 once you leave your current employment (but normally need at least 2 years membership to be entitled to a pension).
For the pension you build up from 1 April 2014, your Normal Pension Age is not fixed at age 65 but, instead, is the same as your State Pension Age (with a minimum of age 65). Your Normal Pension Age is the age when you can retire and take the pension you have built up in full.
- **Ill-Health** - Your pension can be paid early if your employer decides you are permanently unable to perform the duties of your job due to ill health and you are not immediately capable of undertaking other gainful work. The pension will be paid at an increased rate if you are unlikely to be capable of working again within 3 years of leaving, with the amount of enhancement being based on either the period between the date of retirement and your Normal Pension Age, or a quarter of that period, depending on the severity of your ill health.
- **Redundancy** - If you are made redundant or lose your job for business efficiency reasons when aged 55 or over, your pension will be payable immediately (with no reduction for early payment).
- **Flexible retirement** - This is where, with your employer's consent, you can reduce your hours or your pay grade when aged 55 or over and draw your pension whilst remaining in work.

Online pension portal - Member Self-Service (MSS)

You will have been provided with MSS sign-up details following the commencement of your employment. If you have not received details or require further information, then please do not hesitate to contact us.

Transfer of Pension Rights from another employer

You can transfer pension rights from an existing pension provider or previous employer however the LGPS rules only allow you 12 months from the date of commencing the new membership to decide whether to transfer benefits. Please see the *Transfer in leaflet* for further information.

Completing the *New Members – A Highly Valued Benefit* form

If you are eligible for membership of Local Government Pension Scheme in more than one employment, please make sure you specify each one.

- **Personal details** - This helps us to check we hold the correct details. You can amend details by logging into your MSS account.
- **Partnership status** - Please tell us your partnership status and the date from which it applied, for example when you married or entered into a civil partnership, or when your relationship formally ended.
- **Current employment** - Tell us about the employment that this pension membership relates to, including your personnel or pay reference if you know it.
- **Receipt of LGPS pension** - If you are starting a new employment in which you are eligible to pay into the LGPS but you are currently in receipt of a pension then you need to tell the authority that pays your pension that you are employed and eligible to join the LGPS, even if you decide to opt out.
- **Other Pension Rights** - If you have pension rights elsewhere that you wish to consider transferring into the LGPS, please read the *Transfer of Pension Benefits* leaflet and complete the Transfer Information form.
- **Declaration** - Please see the above section 50/50 Scheme option or our leaflet *Contributions Flexibility* for further information.

Completing the *Election to Opt Out* form

The government has introduced new laws designed to help people save for their retirement. It requires all employers to enrol their workers into a workplace pension scheme if they are not already in one. This is known as automatic enrolment.

Your employer may have to enrol you in the LGPS under automatic enrolment rules, but if you want to opt out after you start work you can complete the election to opt out form to reject membership of the Local Government Pension Scheme. There are further guidance notes following the form.

Completing the *Death Grant – Expression of Wish* form

You can indicate who you wish to nominate to receive a death grant and your wishes will be taken into consideration by the scheme administrator when making their decision. Death grants paid directly to beneficiaries will not be subject to inheritance tax. This only applies to the death grant; it does not affect dependants' pensions.

Please note

This leaflet is for guidance only and cannot cover every personal circumstance. It does not give you any rights under contract or statute law. If there is any dispute over your pension, the LGPS rules will apply.

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>

Local Government Pension Scheme (LGPS) New Members – A Highly Valued Benefit

Personal details (in Capitals)

Full Name			
NI Number			
Date of Birth		Payroll Ref	
Address			
		Postcode	
Email			
Telephone			

Your Marital Status (tick as appropriate)

Single	<input type="checkbox"/>	Married	<input type="checkbox"/>
Civil Partnership	<input type="checkbox"/>	Co-habiting Partnership (conditions apply)	<input type="checkbox"/>
Divorced	<input type="checkbox"/>	Widow / Widower	<input type="checkbox"/>
Date relevant to this status (eg date of marriage)		Maiden name	
Full name of partner / spouse		Date of birth	

Do you have any other pension rights?

LGPS rules only allow you 12 months from the date of commencing the new membership to decide whether to transfer benefits.

Do you have, or have you ever had, any personal pension rights? YES NO

Have you previously been a member of another employer's pension scheme outside of local government? YES NO

Do you wish to consider transferring any personal pension rights or previous rights in another employer's scheme on the basis that you are supplied with further information before you make a final decision? YES NO N/A

If you have answered **Yes** to any of the above questions then please refer to the **Transfer in leaflet** for further information: <https://isleofwightpensionfund.org/resources>.

Employment details	
When will you/did you start your job?	
What is your job?	
Where is your place of work?	
Do you also work for your employer in another job?	<input type="checkbox"/> YES <input type="checkbox"/> NO

Declaration		
I confirm I have read and understood the Contribution Flexibility leaflet and that I would like to join the LGPS:		
Post 1		<input type="checkbox"/> Main Section or <input type="checkbox"/> 50/50 Section
Post 2		<input type="checkbox"/> Main Section or <input type="checkbox"/> 50/50 Section
Post 3		<input type="checkbox"/> Main Section or <input type="checkbox"/> 50/50 Section

Signed			
Signature		Date	

Please complete and return this form to us using our contact details below.

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Local Government Pension Scheme (LGPS) Election to Opt-Out of the LGPS

You should only complete this form if you do not wish to become or remain a member of the LGPS.

Personal details (in Capitals)			
Full Name			
NI Number			
Date of Birth			
Employer		Payroll Ref.	
Address			
		Postcode	
Email		Telephone	

If you have more than one job please indicate if this election is for:

- All employments**
 Specific employment only (please specify which job/s by using the table below)

Payroll Reference	Job title	Place of work	Contracted hours

Declaration			
<p>I hereby give notice to terminate my membership to the LGPS at the earliest opportunity, having been made aware of and considered the full implications of my actions (please see overleaf).</p> <ul style="list-style-type: none"> • I confirm that I wish to opt out of the pension scheme in the post(s) I have indicated on this form. • I understand that if I opt out I will lose the right to pension contributions from my employer. • I understand that if I opt out I may have a lower income when I retire. 			
Signed			
Signature		Date	

Please return the completed form to us using our contact details as shown in the **Contact Us** section.

Guidance notes for members wishing to leave the LGPS

Important information about opting out of the LGPS

- The Government has introduced new laws designed to help people save for their retirement. It requires all employers to enrol their workers into a workplace pension scheme if they are not already in one. This is known as automatic enrolment.
- Although you can opt out of the Local Government Pension Scheme (LGPS) at any point after you start work, under automatic enrolment your employer may have to put you back into the Pension Scheme and start deducting contributions again.
- Your employer must tell you if they enrol you into the LGPS. If you become a member but you do not want to be, you will need to opt out by completing another opt out form, even if you have only recently done so.
- Usually your employer would put you back into the LGPS in about 3 years' time, but because of the way the new laws work, it could be much sooner, so it is important to read, and act on if necessary, any information that your employer gives you.
- You cannot opt out of the LGPS before you have started the employment you wish to opt out of, or before your re-enrolment date, if you have opted out previously and are being automatically re-enrolled by your employer. If you sign and date the form before then it will be treated as an invalid opt out.

What happens once you opt out

- You must return the completed form to your employer who will then stop deducting contributions from the next available payroll (or later if you have chosen a future opt out date).
- If you opt out of the LGPS within 3 months of joining, and you have not transferred in previous service, your employer will refund you contributions through your pay.
- If you opt out of the LGPS between 3 months and 2 years of joining, and you have not transferred in previous service, the Isle of Wight Pension Fund will write to you providing you with the option of a refund of contributions or transfer to another approved pension scheme.
- If you opt out of the LGPS with two or more years' membership, you will be entitled to a deferred pension benefit in the LGPS. You can only take your deferred pension after you have left your employment.

What you need to know

By law, we are required to make you aware of the following:

- Your employer cannot ask you or force you to opt out of a workplace pension.
- If you are asked or forced to opt out, you can tell The Pensions Regulator – see the following link www.thepensionsregulator.gov.uk
- If you decide to opt out of membership of the LGPS and subsequently change your mind, you will be able to re-join the Scheme provided you are under age 75 and you remain in an employment that qualifies you for membership of the LGPS.
- If you stay opted out, your employer will normally put you back into pension saving at a future re-enrolment date.
- If you change your job, your new employer will normally put you back into pension saving straight away.
- If you have another job, your other employer might also put you into pension saving, now or in the future. This notice only allows you to opt out of pension saving with the employer you name above. A separate notice must be filled out and given to any other employer you work for, if you wish to opt out of that employer's pension saving as well.

Please remember that the Scheme currently provides the following benefits

- Secure benefits
- Pension on retirement
- Inflation proof pensions
- Employer contributions
- Early retirement benefits
- Ill health pension
- Death in service benefits
- Spouse's / Civil partner's pensions
- Nominated cohabiting partner's pensions
- Dependant's allocated pensions
- Children's pensions
- Tax free cash option on retirement
- Tax relief on contributions

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

Local Government Pension Scheme (LGPS) Death Grant – Expression of Wish

The expression of wish allows you to make a nomination of who you would like to receive the death grant payable in the event of your death. This applies whilst in pensionable employment, or as a deferred member prior to your pension becoming payable, or as a pensioner within ten years of commencement of pension.

<i>Personal details (in Capitals)</i>			
Full Name			
NI Number			
Date of Birth			
Address			
		Postcode	
Email			
Telephone			

I have read and understood the notes overleaf and I express my wish for the following individual(s) to receive payment of the LGPS lump sum death grant upon my death.

Please complete the details of your nominee(s) below:

<i>Full Name</i>	<i>Correspondence address</i>	<i>Relationship</i>	<i>Percentage of benefit *</i>

* If you have elected for more than one person to receive a portion of the benefit, the total percentage **MUST** equal 100%

<i>Signed</i>			
Signature		Date	

Please return the completed form to us using our contact details as shown in the **Contact Us** section.

Notes of guidance

What is the death grant?

A lump sum death grant will be payable should you die whilst contributing to the LGPS or if you die and have deferred benefits in the scheme. If you were to die within 10 years of receiving your pension, a death grant may still be payable, however the benefits would be reduced accordingly.

You can express for the benefits to be paid to one or more individuals or organisations, however if you do not name any beneficiaries the death grant may be paid to your estate.

Under the LGPS Regulations the administering authority, the Isle of Wight Council Pension Fund (IWPF), retains absolute discretion with regards to the distribution of the benefits. For this reason, although IWPF will have the greatest regards to your wishes, it is not legally bound by them.

What are the benefits?

The main benefit in expressing a wish is that the payment can be made directly to your chosen beneficiary, without forming part of your estate. This means that the benefits do not count for inheritance tax purposes. Payment will be made immediately on receipt of a copy of your death certificate and relevant forms without waiting for Grant of Probate or Letters of Administration to be taken out.

Who can receive the death grant?

Any person(s) or organisation(s) may receive the death grant.

If you nominate a child under the age of 18, you will also need to nominate an adult who can receive the payment on their behalf. This releases the IWPF from any liability and we will have no discretion as to how the benefits are spent.

IWPF as administrator of your Pension Scheme can use its discretion to make immediate payment to your beneficiary upon receipt of a copy of your death certificate and relevant forms. However, if the following circumstances have occurred then payment would not be made until receipt of 'Grant of Probate' or 'Letters of Administration' and it would then form part of your estate in the normal way:

- The person you have nominated as the beneficiary has died.
- Your marital / civil partnership / cohabiting partnership status has changed since the date of your nomination.
- The IWPF, as the administrator, does not consider that your expression of wish is reasonable or practical.

Can I change these details?

You can amend these details at any time on our online portal, Member Self Service (MSS). In order to access our online portal please go to <https://www.iwcpensions.co.uk/>.

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