



A brief guide to the Local Government Pension Scheme for councillor members

This guide explains the benefits available to councillor members who join the Local Government Pension Scheme (LGPS). It outlines how the scheme works, what it costs you and the financial protection that it offers.

The information is based on the LGPS Regulations 1997 and other relevant legislation. It is for general use and doesn't cover all personal situations.

What kind of scheme is it?

The (councillor) LGPS is a tax-approved, career-average occupational pension scheme set up under the LGPS Regulations. The benefits under the scheme are based on the length of your membership and your career-average pay while you are a member. It is very secure because the benefits are set out in law and the scheme can only be changed by acts of parliament.

Who can join?

The (councillor) LGPS is open to all councillors and elected mayors of an English county council, district council or London borough council or of a Welsh county council or county borough council who are offered membership of the scheme under the council's scheme of allowances and who are under age 75.

If you have been offered membership of the scheme it is up to you to decide whether or not to join. If you decide to join, you will become a member from the beginning of the first pay period following the receipt of your option form.

How do I check that I have become a member of the (councillor) LGPS?

You should check your allowance payments to ensure that pension contributions are being deducted.

What do I pay?

Your contribution is **6%** of the pay you receive.

What does the council pay?

The council pays the balance of the cost of providing your benefits after taking into account investment returns. Every three years an independent review is undertaken to work out how much the council should contribute to the scheme.

Can I opt out of the LGPS and rejoin the scheme at a later date?

You can leave the LGPS at any time by giving your council notice in writing. An election to opt out becomes effective from the end of the payment period in which you gave the notification, unless you specify a later date.

If you opt out once, you can rejoin the LGPS at any time while you are an eligible councillor.

If you opt out of the scheme more than once in the same office, you will only be allowed to rejoin at your council's discretion. You can ask your council what their policy is about this.

You may wish to get independent financial advice before you make a decision to opt out of the LGPS.

You cannot be paid your benefits until you leave office or, if earlier, age 75.

Can I pay more to get bigger benefits?

You can increase your benefits by making additional voluntary contributions (AVCs). You also have the option to pay contributions into a personal pension, stakeholder pension arrangement or free standing AVC of your choice while you are a member of the LGPS.

Points to note: Under overriding tax law your pension savings in all your pension arrangements can increase in any one year up to the annual allowance. If you exceed this level you may have to pay extra tax. It is your responsibility to ensure you check and inform HMRC if extra tax is payable.

Can I transfer pension benefits into the LGPS?

No, the scheme rules don't allow you to transfer pension benefits into the LGPS from another pension scheme or from another local-government pension fund.

If you have previously built up pension benefits because of earlier councillor membership within WYPF you may be able to link your membership. This is at your council's discretion. If you are given this option you must elect to link within 12 months of rejoining the Scheme. We will send you further details of this option if it is available to you.

Retirement

You must have at least three months' scheme membership and have retired from office to be entitled to receive a pension from the LGPS.

When can I retire?

You can retire and receive your LGPS benefits in full once you get to age **65**. The scheme rules also allow us to offer early payment of benefits.

What are my LGPS retirement benefits?

When you retire, you will get a pension and a tax-free lump sum from the LGPS. More details of how we work out the amount of benefits are shown in **The benefits** section further on.

Can I retire early?

You can retire from office and elect to receive your LGPS benefits from age 60 onwards. You may be able to retire from office and get your LGPS benefits paid from age 55, but only if your council agrees. This is a council discretion. You can ask your council what their policy is about this.

What are the penalties for retiring early and taking immediate benefits?

If you retire before age 65 your benefits will be reduced to take account of their early payment and the fact that your pension will be payable for longer.

What happens if I have to retire early due to ill health?

If you have to leave office at any age due to permanent ill health, you will receive payment of your pension benefits straight away. If you have been in the Scheme for over five years your benefits may be increased (If you are under 65).

If the independent medical practitioner states that life expectancy is less than a year at date of retirement, you may be able to take your pension as a lump sum.

What if I am still in office after age 65?

If you are still in office after age 65 you will continue to pay into the scheme and build up benefits. You can start to receive your pension when you retire and leave office, or when you get to the day before your 75th birthday, whichever comes first. Your pension has to be paid before your 75th birthday.

If we start to pay your pension after your 65th birthday the pension you have built up before age 65 will be increased because it will be paid for a shorter time.

Your benefits

How much will my pension be?

Your pension is based on your total scheme membership in years and days and your career average pay. The example below shows how we work your pension out.

How much will my lump sum be?

The automatic lump sum paid on retirement is three times your annual pension and it is tax free. Like your pension, it is based on your career-average pay and your total membership.

Can I swap part of my pension to get a bigger lump sum?

You can swap part of your annual pension to get a bigger one-off tax-free lump sum. You can take up to a maximum of 25% of the capital value of your pension benefits as a lump sum. For each £1 of annual pension you give up you get £12 extra lump sum. (The maximum lump sum you can have is 25% of the lifetime allowance less any other pension benefits that you are already being paid.)

Example of how pension benefits are worked out

A councillor member has built up 30 years 204 days total membership when they retire at age 65. Their career average pay is £16200.

Their annual pension is:

$30 \text{ years } 204/365 \text{ days} \times 1/80 \times £16,200 = £6,188.18$

The automatic tax free lump sum is:

$30 \text{ years } 204/365 \text{ days} \times 3/80 \times £16,200 = £18,564.53$

Will my pension go up?

The LGPS provides statutory pension increases. This means that if you retire on or after age 55, your pension will be increased each year in line with the cost of living. Ill health pensions are increased each year in line with cost of living Indexes regardless of age.

Protection for your family

What benefits will be paid if I die in office?

If you die in office while a member of the LGPS, the following benefits are payable:

- A **lump-sum death grant** of twice your career-average pay, provided you are under age 75 at the date of death.
- A **spouse's or civil partner's pension**. A short-term pension is paid to your spouse or civil partner for three months immediately following your death. This would be equal to the annual rate of your career-average pay. If you had built up more than three months' scheme membership we would also pay a long-term pension to your spouse or civil partner. The long-term pension is generally half the pension you would have got if you had retired due to ill health on the date of death.
- **Pensions for eligible children**.

What benefits will be paid if I die after retiring on pension?

If you die after retiring on pension, your benefits will no longer be payable. And your next of kin or the person dealing with your estate must contact us immediately.

The following benefits may then be paid:

- A **lump-sum death grant** if you die in the first five years of pension and are under 75 at the date of death. The lump sum payable will be five times your annual pension less any pension already paid to you.
- A **spouse's or civil partner's pension**. A short-term pension is paid to your spouse or civil partner for three months immediately following your death. This would be equal to the pension you were getting or the pension before reductions were applied. If you had built up more than three months' scheme membership we would also pay a long-term pension to your spouse or civil partner. The long-term pension is generally half the pension you were getting, or the pension before reductions if you took your pension early. If you marry or enter into a civil partnership after you retire, the pension may be worked out differently.
- **Pensions for eligible children**

You can tell us who you would like any death grant to be paid to in the event of your death. To do this you need to fill in a **Death grant expression of wish** form. Please phone 01274 434999 for a form or download one from our website at www.wypf.org.uk

We will respect your wishes as far as we can, but we have the final decision about who your death grant is paid to.

Leaving office before you retire

What happens to my benefits if I leave office before pension age?

Depending on how much membership you have, there are various options to choose from.

If you have less than three months' membership you can either:	If you have at least three months' membership you can either:
<ul style="list-style-type: none"> • Take a refund of contributions – less deductions for tax – and buy yourself back into the State Second Pension, or • transfer the benefits that you have built up to another approved pension arrangement (excluding the LGPS unless you become a councillor member again with WYPF), or • leave your refund unclaimed while you decide which option to take. 	<ul style="list-style-type: none"> • Leave the pension benefits that you have built up in WYPF. They will be worked out in the same way as described in the Benefits section, using your total membership up to the date you left the scheme. These are called deferred benefits. Or • transfer the benefits that you have built up to another approved pension arrangement (excluding the LGPS unless you become a councillor member again with WYPF).

What happens to deferred benefits?

We work out what your benefits are when you leave the scheme. They will then be held for you until either they are due to be paid to you or you decide to transfer them to another pension arrangement. The normal payment date for deferred benefits is your 65th birthday. You can ask for early payment of benefits from age 60 (but they may be reduced to take into account early payment and the fact that they will be paid for longer). You may be able to claim your benefits even earlier – from age 55 – but your former council has to agree to this. You can also put off taking your benefits until just before your 75th birthday. Deferred benefits can be paid from any age if it is because of permanent ill health.

What will happen if I die before my deferred benefits are paid?

The following benefits will be payable:

- your tax-free lump sum as a **Death Grant**.
- a **spouse's or civil partner's pension** (generally half your deferred pension), and
- **pensions for eligible children**.

Please note

- A refund can only be paid if you have no other pension benefits built up in the LGPS.
- You can only request a transfer to another approved pension arrangement if you leave the Scheme on or before age **64** and you elect to transfer before you are 64 or within six months of leaving the scheme, if this is later.

Help with pension problems

Who can help me if I have a query or complaint?

If you have any questions about your LGPS membership or benefits please contact us using the contact details at the end of this guide. We will do our best to help you as quickly and efficiently as possible.

If you are still dissatisfied with any decision made in relation to the scheme, you have the right to have your complaint independently reviewed under the Internal Dispute Resolution Procedure. There are also other regulatory bodies that may be able to help you:

- **Internal Dispute Resolution Procedure**

Initially you should write to the body who made the decision about which you want to appeal. You must do this within six months of the date you were notified of the decision. The nominated person will consider your complaint and notify you of their decision. If you are dissatisfied with that person's decision, you may apply to us, within six months of the date of the decision, to have it reconsidered.

A leaflet explaining the Internal Dispute Resolution Procedure in detail is available. See the section on how to contact us.

- **The Pensions Advisory Service (TPAS)**

TPAS is available at any time to help members and beneficiaries of the scheme in connection with any pension query they may have or any difficulty which they cannot resolve with their scheme administrators. TPAS can be contacted at:

11 Belgrave Road, London, SW1V 1RB

Phone: 0845 601 2923

- **Pensions Ombudsman**

In cases where a complaint or dispute has not been satisfactorily resolved through the Internal Dispute Resolution Procedure or with the help of TPAS, an application can be made to the Pensions Ombudsman within three years of the event that gave rise to the complaint or dispute. The Ombudsman can investigate and determine any complaint or dispute involving maladministration of the scheme or matters of fact or law and his/her decision is final and binding. Matters where legal proceedings have already started cannot be investigated.

The Pensions Ombudsman can be contacted at:

11 Belgrave Road, London, SW1V 1RB

Phone: 0207 630 2200

- **The Pensions Regulator**

This is the regulator of work-based pension schemes. The Pensions Regulator has powers to protect members of work-based pension schemes and a wide range of powers to help put matters right, where needed. In extreme cases, the regulator can fine trustees or employers, and remove trustees from a scheme. You can contact the Pensions Regulator at:

Napier House, Trafalgar Place, Brighton, BN1 4DW

Phone: 0870 6063636

How can I trace my pension rights?

The Pension Tracing Service holds details of pension schemes, including the LGPS, together with relevant contact addresses. It provides a tracing service for ex-members of schemes with pension entitlements (and their dependants), who have lost touch with previous schemes. All occupational and personal pension schemes have to register if the pension scheme has current members contributing to

the scheme or people expecting benefits from the scheme. If you need to use this tracing service please write to:

The Pension Tracing Service
The Pension Service
Tyneview Park
Whitley Road
Newcastle Upon Tyne NE98 1BA

Phone: 0845 6002 537

Don't forget to keep us up to date with any change in your home address

Disclaimer

This short guide cannot cover every personal circumstance.

In the event of any dispute over your pension benefits the appropriate legislation will prevail. This short guide does not confer any contractual or statutory rights and is provided for information purposes only.

Under overriding tax law your pension savings in all your pension arrangements can increase in any one year up to the annual allowance. If you exceed this level you may have to pay extra tax. It is your responsibility to ensure you check and inform HMRC if extra tax is payable.

Need to get in touch?

You can contact us by

Phone: 01274 434999
Fax: 01274 723228
Email: wypf@bradford.gov.uk

Write to us at: WYPF
PO Box 67
Bradford
BD1 1UP

Visit us: You can call into our Contact Centre at:
Argus Chambers
Britannia House
Hall Ings
Bradford

We're open weekdays between 8.45 am and 4.30 pm (except bank holidays and other public holidays)

Please identify yourself as a councillor member when you contact us as different rules apply to you.