

# Royal County of Berkshire Pension Fund

## New member guide

Membership of the Local Government Pension Scheme (LGPS) is a very important benefit. Not only will it provide you with income during retirement, payable for life, but it also gives your loved ones financial security in the event of your death or long-term ill health.

This factsheet summarises the conditions of membership and main benefits that apply under the Scheme for members first joining on or after 1 April 2014. If you have membership since before that date you should obtain factsheet LGS1A from the pension team.

### What kind of pension scheme is the LGPS?

The LGPS is a registered Public Sector Pension Scheme and is known as a defined benefit occupational pension scheme. The benefits you build up are based on a Career Average Revalued Earnings (CARE) basis. This means that your pension earned each year is based on your actual pensionable pay received in each scheme year (1 April to 31 March). It is very secure because the benefits are set out in law.

### Who can join?

The LGPS is available to all employees in local government, or in other organisations that have chosen to participate in it. Teachers, police and firefighters are not allowed to join as they have their own pension schemes. You need to be under age 75 to join the LGPS. If you become employed in local government you will normally become a member of the LGPS automatically if your contract of employment is for at least three months' duration, unless you opt not to join. Even if your contract is for less than three months you have a right to opt-in. If you are employed by a town or parish council or certain admitted bodies, you must be designated by your employer as being eligible for membership.

### How do I check that I am a member of the LGPS?

Admission to the LGPS is, in most cases, automatic. Therefore, contributions will be deducted from your pay from the very first day of employment. You should check your payslip to see if contributions have been deducted from your pay. You will also receive a welcome letter from the pension team once notified by your employer of you joining the scheme and your details have been input onto the pension system. If contributions are not showing on your payslip you should contact your employer's payroll team immediately.

### Can I opt-out of the LGPS and rejoin it later?

You can opt-out of the LGPS without leaving your employment at any time by completing an opt-out form which you can obtain from the Pension Fund website. If you have at least two years qualifying membership (inclusive of any transferred in rights from former pension arrangements) you will be entitled to Scheme benefits and will not be able to have a refund of the contributions you



have paid. If you have less than two years of qualifying membership (inclusive of any transferred in rights from former pension arrangements) you will be entitled to a refund. Please note that any refund paid by the Pension Fund attracts a 20% Scheme tax charge. Employer contributions are also non-refundable.

You can opt back into the LGPS in the future so long as you remain in eligible local government employment. Please note, you may wish to obtain independent financial advice before you make a decision to opt-out of the LGPS.

## Contributions

### What do I pay?

The amount of contribution that you pay is determined by how much you earn, as assessed by your employer and in accordance with LGPS regulations.

The contribution percentage rates are split into several salary bandings so the more you earn, the higher your contribution rate will be. The salary bands may increase annually in line with inflation.

There are two sections of the LGPS the MAIN section and the 50/50 section. Under the MAIN section of the scheme you pay your normal contribution rate to get the normal pension build up. You will be entered into the MAIN section of the LGPS upon joining your employer.

Under the 50/50 section you pay half your normal pension contribution and get half the pension build up in return.

The contribution bandings for 2024/2025 are detailed below:

<b>Banding</b>	<b>Annual Salary Range</b>	<b>MAIN Section</b>	<b>50/50 Section</b>
<b>1</b>	Up to £17,600	5.5%	2.75%
<b>2</b>	£17,601 to £27,600	5.8%	2.9%
<b>3</b>	£27,601 to £44,900	6.5%	3.25%
<b>4</b>	£44,901 to £56,800	6.8%	3.4%
<b>5</b>	£56,801 to £79,700	8.5%	4.25%
<b>6</b>	£79,701 to £112,900	9.9%	4.95%
<b>7</b>	£112,901 to £133,100	10.5%	5.25%
<b>8</b>	£133,101 to £199,700	11.4%	5.7%
<b>9</b>	£199,701 or more	12.5%	6.25%

The rate of contribution you pay will be based on your actual pensionable pay. Every April, your employer will decide your appropriate rate of contributions for each employment by matching your actual pensionable pay to the appropriate band in the contributions table as set out in Regulations.

## More about the 50/50 section

Under the MAIN section of the scheme you pay your normal monthly contribution rate to get the normal pension build up. Under the 50/50 section you pay half your normal pension contribution and get half the pension build up in return.

On becoming a member of the LGPS you will automatically be placed into the MAIN section of the scheme. You will then be able to move to the 50/50 section if you wish. If you have more than one employment you can elect to move into the 50/50 section in one, some or all your employments.

***Regardless of the section you are in, you will get full life assurance cover. You will also be fully protected under ill-health retirement provisions.***

## How long can I remain in the 50/50 section?

The 50/50 section is designed to be a short-term option for when times are tough financially. Because of this your employer is required to re-enrol you back into the MAIN section of the scheme from their automatic re-enrolment date or if you enter a period of no pay following long-term sickness.

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 the 50/50 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.

## 50/50 section Example

A member works full-time and earns £20,000 per annum. They elect to join the 50/50 section of the scheme. Their contribution and pension build up would be as follows:

	<b>MAIN Section</b>	<b>50/50 Section</b>
<b>Annual Pensionable Pay</b>	<b>£20,000</b>	<b>£20,000</b>
<b>Build up rate</b>	<b>1/49<sup>th</sup></b>	<b>1/98<sup>th</sup></b>
<b>Gross monthly contribution amount</b>	<b>£96.67 (5.8%)</b>	<b>£48.33 (2.9%)</b>

## What if I work part-time?

If you work part-time your contribution rate will be assessed based on your actual annual part-time pensionable pay.

## What is my Pensionable Pay?

Pensionable pay is the amount of pay on which you pay contributions. It includes pay received in respect of all overtime (contractual or non-contractual) and any pay received in respect of any additional hours worked in excess of your contractual hours.

The formal definition of pensionable pay under Regulation 20 of the LGPS regulations 2013 can be found by following this link:

<http://lgpsregs.org/schemeregs/lgpsregs2013/timeline.php#r20>

We have provided a quick reference pensionable/non-pensionable checklist of the most common payroll elements.

Pay element	Pensionable	Non-pensionable
Basic Salary	✓	
Bonus/Honorarium	✓	
Buying/selling of annual leave		✓
Car Allowance		✓
Contractual overtime	✓	
*Non-contractual overtime	✓	
First Aid Allowance		✓
Pay in Lieu of Notice (PILON)		✓
London Weighting	✓	
Mileage Claims		✓
Pay in Lieu of Holiday		✓
Severance Payment		✓
Sleeping in Allowances	✓	
Statutory Maternity Pay (SMP)	✓	
Statutory Sick Pay (SSP)	✓	
<b>*Non-Contractual Overtime must not be included in final pay calculations. Under the LGPS 2008 regulations non-contractual overtime is defined as non-pensionable pay.</b>		

## Tax relief

As a member of the LGPS, your contributions will attract tax relief at the time they are deducted from your monthly Gross pensionable pay.

## Does my employer contribute?

Your employer pays the balance of the cost of providing your retirement benefits. Every three years an independent review is undertaken to calculate how much your employer should contribute to the Scheme. In order that Scheme benefits remain affordable, increases or decreases in the cost of providing those benefits may, in the future, be shared between Scheme members and employers. This will be in accordance with Government guidance.

Typically, your employer pays around twice as much as you do into the LGPS to provide you with the benefits that you will ultimately receive.

## Can I transfer past pension rights into the LGPS?

Generally speaking, pension rights that you have previously built up in another LGPS fund or in other pension arrangements can be transferred and will buy additional pension in the LGPS. An expression of interest to transfer your pension rights into the LGPS must be made within 12 months of joining or such longer period as your employer allows. Further details can be found in your welcome pack along with an application form in our guide '**Transferring former pension rights**'.

## Can I increase my benefits?

You can make additional payments to increase your retirement benefits and life cover. You can do this either by paying Additional Pension Contributions (APCs) to the LGPS, by making payments to the Scheme's Additional Voluntary Contribution (AVC) arrangement with Prudential, or by making payments to a personal pension, stakeholder pension or free-standing AVC scheme of your own choice. Further details can be obtained from the pension team or by visiting our website.

## Retirement

### When are benefits normally paid from the Scheme?

You can retire and receive your retirement benefits without penalty once you reach your Normal Pension Age (NPA) which will be the same as your State Pension Age (SPA) with a minimum age of 65. The Scheme also makes certain provision for the early payment of your retirement benefits. Your NPA will track your SPA so any future changes in SPA may affect your NPA.

### Can I retire before my NPA?

Yes. If you are 55 or over and choose to receive your retirement benefits before your NPA it will be reduced to reflect its early payment and the fact that it will be paid for longer. We also require a minimum **three months written notice** to release your retirement benefits. You can e-mail your notice to the pension team: [info@berkshirepensions.org.uk](mailto:info@berkshirepensions.org.uk)

The amount of any reduction will be based on how many years earlier than your NPA you draw your retirement benefits.

## **What if I want to have a gradual move into retirement?**

Rather than continuing in your job until your NPA and drawing your retirement benefits from then, you could, from age 55 and with your employer's consent, reduce your hours or move to a less senior position and draw all or some of the retirement benefits you have built up helping you ease into retirement. This is known as '**flexible**' retirement.

However, the retirement benefits you draw may be subject to a reduction to take account of their early payment unless your employer agrees to waive the reduction in whole or in part. You can continue paying into the LGPS, building up further retirement benefits in the Scheme. You must have your employer's consent to release your retirement benefits early as well as their consent to a reduction in your hours of work or grade.

## **A note about claiming your retirement benefits**

In order to release your retirement benefits you must have ceased your contract of employment within the Local Government Pension Scheme or you. The only exception to this is flexible retirement.

## **What if I continue working beyond my Normal Pension Age (NPA)?**

If you carry on working after your NPA you will continue to pay into the Scheme, building up further retirement benefits. You can receive your retirement benefits when you retire, or when you reach the eve of your 75<sup>th</sup> birthday, or if you have your employer's consent for flexible retirement, whichever occurs first. If you draw your retirement benefits after your NPA it will be increased to reflect the fact that it will be paid for a shorter time.

## **What if my employer retires me on grounds of redundancy?**

If you are aged 55 or over and have been contributing to the LGPS for at least two years or have transferred other pension rights into the LGPS, you will be entitled to the immediate unreduced payment of your retirement benefits built up to date. If you are under the age of 55 your retirement benefits will be deferred.

## **Find your Normal Pension Age**

Your Normal Pension Age will be linked to your State Pension Age.

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

## **What happens if I am retired early due to ill health?**

If you have been contributing to the LGPS for at least two years or have transferred pension rights into the LGPS, you will receive your retirement benefits immediately.

Your employer must be satisfied that, because of ill health, you have become permanently incapable of doing your job. They will need to assess, with the help of a qualified occupational doctor, the likelihood of your obtaining gainful employment in the future.

If the doctor determines that you are unlikely to be capable of undertaking gainful employment before your Normal Pension Age (NPA), your annual pension will be fully increased to the value you would have become entitled to had you remained a member to your NPA.

If the doctor determines that there is a reasonable prospect of you obtaining gainful employment before your NPA, your annual pension will be increased by 25% of the pension you could have built up to NPA.

If the doctor determines that you are likely to obtain gainful employment within three years, your retirement benefits built up to date will be released, without enhancement for up to a maximum of 3 years, and you will need to inform your employer if you obtain gainful employment again. This benefit will be reviewed by your employer after 18 months and can be uplifted to Tier 2 on review.

Gainful employment is defined as paid employment for not less than 30 hours per week for a period of not less than 12 months.

## **How much will my pension be?**

For each year you are in the scheme, you will build up an annual pension based on your actual pensionable pay in that year. Each scheme year runs from 1 April to 31 March.

Each year you will build up an annual pension at a rate of 1/49<sup>th</sup> of the amount of actual pensionable pay you have received in that year. The amount of annual pension you build up is added to your Pension Account at the end of each scheme year.

The amount of annual pension in your Pension Account at the end of each scheme year will be adjusted in line with cost of living (currently Consumer Prices Index). If you are part-time, you will build up annual pension based on 1/49<sup>th</sup> of your actual part-time pensionable pay for each scheme year.

## **Will I receive a lump sum?**

You can elect to convert part of your annual pension into tax-free cash at a rate of £12 to £1, within HM Revenue & Customs (HMRC) limits. So, for every £1 of annual pension you give up, you can buy £12 of tax-free cash.

Please note: if you have been a member of the LGPS at some time before 1 April 2008 you will be entitled to an automatic tax-free lump sum for that period of membership normally calculated at a rate of 3/80<sup>ths</sup> of final pay for each year and part year of membership.

## **Protection for your family**

### **What benefits will be paid if I pass away in service?**

If you die in service as a member of the LGPS, subject to certain qualifying conditions, the benefits shown below are payable:

- An annual pension for your widow, widower, cohabiting partner or civil partner equal to 1/160<sup>th</sup> of your Assumed Pensionable Pay for each year or fraction of a year
- Annual pensions for your eligible children
- A lump sum death grant of three times your Assumed Pensionable Pay

### **What is Assumed Pensionable Pay (APP)?**

This is the total of the last 3 months normal pensionable pay (prior to date of death) divided by three and multiplied by 12.

## Death Benefits on leaving or retiring from the LGPS

The scheme also provides benefits for your dependants if you leave the LGPS before retirement and also at the point that you are claiming your retirement benefits.

### Expression of Wish form

The LGPS allows you to say to whom you would want any death grant to be paid by completing an expression of wish form. You can choose one person, a number of people or even an organisation such as a charity. You can choose your husband, wife or partner, your children, any other family member or a friend.

The Expression of Wish form is available from the pension team, or you can download one from [www.berkshirepensions.org.uk](http://www.berkshirepensions.org.uk)

You can also update your Expression of Wish through 'my pension ONLINE'. The administering authority to the Pension Fund (RBWM) retains absolute discretion when deciding to whom any death grant is paid.

## Leaving the LGPS

### Refund of contributions

If you leave or opt-out of the LGPS and have less than two qualifying years of membership (including LGPS pensions held elsewhere) and you are under State Pension Age, you have the option of receiving a refund of your contributions, less a scheme tax reduction of 20%.

***Please note: Employer contributions are non-refundable.***

### Deferred benefits

If you have at least two years of qualifying membership and you leave before you can take immediate payment of your retirement benefits, then the amount you've built up is deferred. The amount of your deferred benefits is increased every year in line with the cost of living - as currently measured by the Consumer Prices Index (CPI) - to ensure it keeps its value.

Your deferred benefit will be paid at your Normal Pension Age unless you choose to take it before then, when it would normally be reduced as you would be drawing it early, or you choose to take it later, when it would be increased because you would be drawing it later.

**Remember - your Normal Pension Age is linked to your State Pension Age (with a minimum of age 65).**

### Transferring your benefits

If you leave the Scheme before your Normal Pension Age you may transfer the cash equivalent value of your pension benefits into a new employer's scheme, if they are willing and able to accept it, into a personal or stakeholder pension scheme, or into a 'buyout' insurance policy.

You should always seek independent financial advice before deciding to transfer your benefits out of the LGPS.



Alternatively, if you return to employment with an employer participating in the LGPS, you may elect for your deferred benefits to be added to those you are building up through your ongoing membership in the Scheme. This will happen automatically unless you elect within the 12 months of rejoining the Scheme to keep your deferred benefits separate.

An expression of interest to do this must be made **within 12 months** of re-joining the Scheme or such longer period as your employer allows.

## Help with pension problems

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

If you are in any doubt about your retirement benefits, or you have a problem or question about your LGPS membership or benefits, please contact the pension team first (contact details are given at the end of this guide).

We will seek to clarify or put right any misunderstandings or inaccuracies 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. As the Scheme is well regulated, there are also a number of other regulatory bodies that may be able to assist you. The various procedures and bodies are detailed below.

### Internal dispute resolution procedure (IDRP)

The first stage of any application under the IDRP process must be dealt with by the adjudicator nominated by your employer (or former employer as the case may be). It is recommended that in practice you send your application to the Pension Fund who will ensure that your stage 1 application is forwarded to the correct person and dealt with in a timely manner. The IDRP form can be downloaded from our website – [www.berkshirerpensions.org.uk](http://www.berkshirerpensions.org.uk)

You must make your initial application within six months of the date of the notification of the decision about which you are complaining. The adjudicator will consider your complaint and notify you of their decision. If you are dissatisfied with the adjudicator's decision, you may, within six months of the date of the decision, apply to the Scheme's administering authority to have it reconsidered.

### MoneyHelper

MoneyHelper helps you to make your money and pension choices clearer. It is backed by the Government and is free to use:

#### MoneyHelper

**Tel: 0800 138 7777**

<https://www.moneyhelper.org.uk/en>

## How can I trace my pension rights?

The Pensions 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 employers. All occupational and personal pension schemes have to register if the pension scheme has current members contributing into their scheme or people expecting benefits from the scheme. If you need to use this tracing service please visit

**Tel: 0800 731 0193**

<https://www.gov.uk/find-pension-contact-details>

**Write to:**

**The Pension Service  
Post Handling Site A  
Wolverhampton  
WV98 1AF  
United Kingdom**

## ‘my pension ONLINE’

Don't forget you can now view your pension information online through our online service - ‘my pension ONLINE’.

‘my pension ONLINE’ enables you to securely update your personal details, perform benefit calculations and update your nominated beneficiaries from the comfort of your own home or workplace.

It's easy to sign up - just visit our website and click on the ‘my pension ONLINE’ logo.

### More information

More detailed information about the scheme is available from the pension team at the following address: **Royal County of Berkshire Pension Fund, Zone C Town Hall, St Ives Road, Maidenhead, Berkshire, SL6 1RF**

**Tel: 01628 796 668**

**E-mail:** [info@berkshirepensions.org.uk](mailto:info@berkshirepensions.org.uk)

**Web:** [www.berkshirepensions.org.uk](http://www.berkshirepensions.org.uk)

