Your pension

You can look forward to enjoying a guaranteed package of benefits when you retire.

In this booklet we look at how your pension is worked out and when you can take your pension if you pay into the LGPS after 1 April 2014.

Where pension terms are used, they appear in ***bold italic*** type. These terms are defined in the **Some terms we use** booklet.

How is your pension worked out?

Your LGPS benefits are made up of:

- An **annual pension** that, after leaving, increases every year in line with the cost of living for the rest of your life, and
- The option to exchange part of your pension for a **tax-free lump sum** paid when you take your pension benefits.

This booklet covers how your **LGPS annual pension** is worked out. If you joined the LGPS before 1 April 2014, your benefits for membership before 1 April 2014 were built up in the final salary scheme and are calculated differently. To find out more see the booklet **If you joined the LGPS before 1 April 2014**.

Your LGPS annual pension

If you are in the main section of the Scheme the rate you build up your pension is 1/49th of the amount of your ***pensionable pay*** and any ***assumed pensionable pay*** in the ***Scheme year***.

If you are in the 50/50 section of the Scheme the rate you build up your pension is half the rate in the main section - 1/98th of the amount of your ***pensionable pay*** and any ***assumed pensionable pay*** in the ***Scheme year***.

Your ***pensionable pay*** is the amount of pay on which you pay pension contributions.

If you are absent from work on reduced contractual pay or no pay due to sickness or injury or have a period of ***relevant child related leave*** or ***reserve forces service leave*** then, during the period of absence, the ***pensionable pay*** used is the notional pay you would have received but for the absence. This is known as ***assumed pensionable pay*** and ensures that the pension you build up during this period is not affected by your reduction in pay. However, during any part of ***relevant child related leave*** where the ***pensionable pay*** you received is higher than your ***assumed pensionable pay*** your actual pensionable pay for that part of the leave period is used instead.

You will have a ***pension account*** and your pension built up each ***Scheme year*** is added to your account. The ***Scheme year*** runs from 1 April to 31 March. If you hold separate pensionable employments you will have a separate ***pension account*** for each job.

If you are paying extra contributions to buy extra pension through Additional Pension Contributions (APCs) or Shared Cost Additional Pension Contributions, (SCAPCs) the amount you buy in each ***Scheme year*** is added to your ***pension account***.

Your employer may also enhance your pension by awarding you up to £7,026 (2019/20 figure) of extra annual pension. This is a ***discretion*** your employer can use if they so wish and they will publish their policy on this. Any extra pension awarded by your employer is added to your ***pension account*** in the ***Scheme year*** in which it is awarded.

If you transfer a previous pension into the LGPS the amount of pension that the transfer purchases is added to your ***pension account*** in the ***Scheme year*** in which the transfer takes place.

If you have a Court order requiring that part of your pension should be transferred to an ex-spouse or civil partner following divorce or dissolution of a ***civil partnership*** then an amount is deducted from your ***pension account*** in the ***Scheme year*** in which the Court order takes effect.

If you have an annual allowance tax charge applied to your LGPS benefits then an amount is deducted from your ***pension account*** in the ***Scheme year*** when the charge is due.

At the end of every ***Scheme year*** the value of the pension held in your ***pension account*** is revalued. Revaluation means that the value of your pension keeps up with the cost of living. The value of your pension is revalued in line with **HM Treasury Revaluation Orders** which currently use the rate of the ***Consumer Prices Index (CPI)*** to revalue your ***pension account***. If the cost of living falls, and a negative **HM Treasury Revaluation Order** is issued the value of the pension held in your ***pension account*** is reduced.

How is my pension worked out - an example

Let's look at the build-up in a member's ***pension account*** for six years in the Scheme.

Let's assume that:

- a member joins the Scheme on 1 April 2014
- their **pensionable pay** is £24,500 in ***Scheme year*** 1
- their ***pensionable pay*** increases by 1% each year
- the cost of living (revaluation adjustment) for the end of the ***Scheme years*** ending on 31 March 2015, 2016, 2017, 2018 and 2019 are 1.2%, -0.1%, 1%, 3% and 2.4% respectively; let's assume that the cost of living (revaluation adjustment) for the following year is 2%.

Scheme Year	Opening Balance	Pension Build up in Scheme Year Pay / Build up rate = Pension	Total Account 31 March	Cost of Living Revaluation Adjustment	Updated Total Account
1 2014/15	£0.00	£24,500 / 49 = **£500**	£500	1.2% = £6	£500 + £6 = **£506**
2 2015/16	£506	£24,745 / 49 = **£505**	£1,011.00	-0.1% = -£1.01	£1,011.00 + -£1.01 = **£1,009.99**
3 2016/17	£1,009.99	£24,992.45 / 49 = **£510.05**	£1,520.04	1% = £15.20	£1,520.04 + £15.20 = **£1,535.24**
4 2017/18	£1,535.24	£25,242.37 / 49 = **£515.15**	£2,050.39	3% = £61.51	£2,050.39 + £61.51 = **£2,111.90**
5 2018/19	£2,111.90	£25,494.79 / 49 = **£520.30**	£2,632.20	2.4% = £63.17	£2,632.20 + £63.17 = **£2,695.37**
6 2019/20	£2,695.37	£25,749.74 / 49 = **£525.50**	£3,220.87	2% = £64.42	£3,220.87 + £64.42 = **£3,285.29**

Let's assume that the member joined the 50/50 section of the Scheme for six months from 1 April 2015 to 30 September 2015 paid half their normal pension contributions in return for half their normal pension build up. Their ***pension account*** would look like this:

Scheme Year	Opening Balance	Pension Build up in Scheme Year Pay / Build up rate = Pension	Total Account 31 March	Cost of Living Revaluation Adjustment	Updated Total Account
1 2014/15	£0.00	£24,500 / 49 = **£500**	£500	1.2% = £6	£500 + £6 = **£506**
2 2015/16	£506	£12,372.50 / 98 = **£126.25** £12,372.50 / 49 = **£252.50**	£884.75	-0.1%= -£0.88	£884.75 + -£0.88 = **£883.87**
3 2016/17	£883.87	£24,992.45 / 49 = **£510.05**	£1,393.92	1% = £13.94	£1,393.92 + £13.94 = **£1,407.86**
4 2017/18	£1,407.86	£25,242.37 / 49 = **£515.15**	£1,923.01	3% = £57.69	£1,923.01 + £57.69 = **£1,980.70**
5 2018/19	£1,980.70	£25,494.79 / 49 = **£520.30**	£2,501.00	2.4% = £60.02	£2,501.00 + £60.02 = **£2,561.02**
6 2019/20	£2,561.02	£25,749.74 / 49 = **£525.50**	£3,086.52	2% = £61.73	£3,086.52 + £61.73 = £3,148.25

You can take a tax-free lump sum by giving up some of your annual pension. You can take up to 25% of the capital value of your LGPS benefits as a lump sum[1]. For every £1 of annual pension that you give up you will receive a £12 lump sum. In the same way, giving up £100 of your annual pension would give you £1,200 lump sum, and so on.

Your pension can be reduced or increased, depending on your reasons for taking your pension benefits - see **When can I retire and take my LGPS pension?** below.

If you joined the LGPS before 1 April 2014 you will have benefits in the final salary scheme. Benefits built up before 1 April 2014 are worked out differently and are calculated using your membership in the Scheme before 1 April 2014 and your ***final pay*** when you leave the Scheme.

For each year of LGPS membership built up between 1 April 2008 and 31 March 2014 you receive a pension based on 1/60th of your ***final pay***.

For each year of LGPS membership built up before 1 April 2008 you receive a pension based on 1/80th of your ***final pay***. You will also receive an automatic lump sum. Please read the booklet **If you joined the LGPS before 1 April 2014** for more information.

If you were paying into the LGPS on 31 March 2012 and were within 10 years of age 65 on 1 April 2012, you may have additional protection to ensure that the value of the pension you build up in the main section of the Scheme after 31 March 2014 is at least as good as the amount of pension you could have built up if you had continued to build up pension at the rate of 1/60th of your ***final pay*** for each year of membership. Please read the booklet **If you joined the LGPS before 1 April 2014** for more information.

What options do I have when I take my benefits from the Scheme?

You may be able to alter your standard retirement package by:

Taking a lump sum

As mentioned earlier, when you take your pension you will be able to take part of your benefits as a tax-free lump sum by giving up some of your pension. An option to take a lump sum has to be made in writing before your benefits are paid. So that you have plenty of time to make up your mind and seek financial advice if you wish, it is important you contact the Pension Fund Helpline well in advance of your intended retirement date so they can provide you with more details.

Your pension will be reduced in accordance with any election you make to receive a lump sum. Any subsequent pension for your spouse, ***civil partner***, ***eligible cohabiting partner*** or ***eligible children*** will not be affected if you decide to exchange part of your pension for a lump sum.

If you have a ***Guaranteed Minimum Pension (GMP),*** you may not reduce your pension to below the level of your ***GMP***.

[1] Provided the lump sum does not exceed £263,750 (2019/20 figure), or if you have previously taken payment of (crystallised) pension benefits, 25% of your remaining lifetime allowance.

Getting a small pension paid as a lump sum

The Pension Fund may be able to pay a small pension as a one off lump sum less a tax charge. However, the circumstances where this may happen are restrictive, particularly if you have any other pension benefits.

If a small pension is paid as a one off lump sum, all other benefits from the LGPS would have to cease, so the Fund will have to check that you have no other LGPS benefits before deciding whether your pension can be paid as a one off lump sum.

What if I have paid extra?

If you have bought extra LGPS pension by paying Additional Pension Contributions (APCs) or Shared Cost Additional Pension Contributions (SCAPCs) either by making regular payments or paying a one-off lump sum

When you take your pension, this will include the extra pension that you have paid for. However, if you are paying APCs or SCAPCs by regular payments when you retire and qualify for the type of ill health pension where your benefits are enhanced (Tier 1 and Tier 2 ill health pensions), you will be credited with all the extra pension that you set out to buy, even if you have not completed full payment for it.

If you choose to retire early and take your benefits before your ***Normal Pension Age***, or you are retired on redundancy or business efficiency grounds before your ***Normal Pension Age***, the extra pension you have bought will be reduced for early payment.

If you take your benefits on flexible retirement, you can, if you wish, take all the extra pension you have paid for too, although it will be reduced for early payment. If you do so, your APC contract and / or SCAPC contract will cease (if you are still paying these extra contributions when you take your benefits) although you will be able to take out a new APC contract (provided you are at least one year below your ***Normal Pension Age*** if you want to pay the APCs by regular contributions) or, subject to your employer's discretions policy, a new SCAPC contract.

If you take your pension after your ***Normal Pension Age***, the amount of any extra pension you have bought will be increased as it's being paid later.

You can choose to exchange some of the extra pension you have bought for a cash lump sum in the same way as your main LGPS pension.

If you are buying extra LGPS pension by paying Additional Regular Contributions (ARCs)

When you take your pension you will be credited with the extra pension that you have paid for. This will increase the value of your retirement benefits.

However, if you are paying ARCs when you retire and qualify for the type of ill health pension where your benefits are enhanced (Tier 1 and Tier 2 ill health pensions), you will be credited with all the extra pension that you set out to buy, even if you have not completed full payment for it.

If you choose to retire early and take your benefits before age 65, or you are retired on redundancy or business efficiency grounds before that age, the extra pension you have bought will be reduced for early payment.

If you take your benefits on flexible retirement, you can, if you wish, take all the extra pension you have paid for, although it will be reduced for early payment. If you choose to take the extra pension on flexible retirement, your ARC contract will cease (if you are still paying these extra contributions when you take your benefits).

You can choose to exchange some of the extra pension you have bought for a cash lump sum in the same way as your main LGPS pension.

If you are buying extra years in the LGPS (Added Years)

You will be credited with the extra years of membership that you have paid for and you will receive extra retirement benefits calculated on the same basis that you agreed to buy them – but see below for the rules on ill health retirement. This extra membership is worked out using your ***final pay*** when you leave and is included in your membership built up in the Scheme before April 2014. For further information on how this is worked out see the booklet **If you joined the LGPS before 1 April 2014**.

If you retire on ill health grounds whilst paying for extra years, you will normally be credited with the whole extra period of membership that you set out to buy, even if you have not completed full payment for it.

If you retire early because of redundancy or business efficiency whilst paying for extra years, you will have the opportunity to pay the remaining contributions due in a lump sum in order to complete your contract.

If you take your benefits on flexible retirement and you elected before 1 October 2006 to commence your added years contract you will be credited with the extra years of membership that you have paid for and this will increase the value of your benefits paid on flexible retirement. If you elected on or after 1 October 2006 to commence your added years contract, you can, if you wish, choose to be credited with the extra years of membership that you have paid for at the point of flexible retirement and this will increase the value of your benefits paid. If you choose to be credited with the extra years of membership on flexible retirement, your added years contract will cease (if you are still paying these extra contributions when you take your benefits). If you do not choose to be credited with the extra years of membership on flexible retirement, your added years contract will continue.

If your benefits when you take them are reduced for early payment then your benefits from the added years are reduced in the same way. The reduction is applied based on the ***Normal Pension Age*** applicable to benefits built up before April 2014. For further information on how this is worked out see the booklet **If you joined the LGPS before 1 April 2014**.

If you are paying Additional Voluntary Contributions (AVCs) arranged through the LGPS (in-house AVCs)

Your contributions will cease when you cease to contribute to the LGPS (or cease the day before age 75 if you carry on in work beyond that age). However, the rules are slightly different if you take flexible retirement, as explained later.

Here are the different ways you can use your in-house AVC fund:

- **Buy one or more annuities**

  This is where an insurance company, bank or building society of your choice takes your AVC fund and pays you a pension in return. You would buy an annuity at the same time as you take your LGPS benefits. An annuity is paid completely separately from your LGPS benefits.

  The amount of annuity depends on several factors, such as interest rates and your age. You also have some choice over the type of annuity, for example whether you want a flat-rate pension or one that increases each year, and whether you also want to provide for dependants' benefits in the event of your death.

  Annuities are subject to annuity rates which in turn are affected by interest rates.

  When interest rates rise, the organisation selling annuities can obtain a greater income from each pound in your AVC fund, and therefore can provide a higher pension. A fall in interest rates reduces the pension which can be purchased.

- **Buy a top-up LGPS pension**

  When you take your LGPS benefits you can use some or all of your AVC fund to buy a top-up pension from the LGPS. This automatically provides an inflation-proofed pension and provides dependants' benefits. The pension you buy is based on set purchase factors which can vary from time to time.

- **Take your AVCs as cash**

  You can take some or all of your AVC fund as a tax-free cash lump sum[2] but you can only take it all as a lump sum if you take it at the same time as your main LGPS benefits and provided, when added to your LGPS lump sum, it does not exceed 25% of the overall value of your LGPS benefits (including your AVC fund).

- **Buy extra membership in the LGPS**

  If your election to start paying AVCs was made before 13 November 2001 you may be able in certain circumstances (such as flexible retirement, retirement on ill health grounds, or on ceasing payment of your AVCs before retirement) to convert your

[2] Provided the lump sum does not exceed £263,750 (2019/20 figure), or if you have previously taken payment of (crystallised) pension benefits, 25% of your remaining lifetime allowance.

AVC fund into extra LGPS membership in order to increase your LGPS benefits. To find out how benefits are calculated on this membership see the booklet **If you joined the LGPS before 1 April 2014**.

- **Transfer your AVC fund to another pension scheme or arrangement**
  You can transfer your AVC fund to another pension scheme or arrangement, including to a scheme that offers flexible benefits, independently of your main Scheme benefits; and provided you have stopped paying AVCs, you can even transfer your AVC fund if you continue to contribute to the LGPS.

  If you were to transfer your AVC fund to a defined contribution scheme, the four main flexible benefit options that the scheme might offer (from age 55) are:

  - purchasing an annuity (yearly pension) or scheme pension
  - taking a number of cash sums at different stages
  - taking the entire pot as cash in one go
  - flexi access drawdown - using your pension pot to provide a flexible income. You are normally allowed to take a tax-free lump sum of up to 25% then set aside the rest to provide taxable lump sums as and when, or a regular taxable income.

  You should be aware that there may be tax implications associated with accessing flexible benefits. The income from a pension is taxable; the rate of tax you would pay depends on the amount of income that you receive from a pension and from other sources.

  Pension guidance is available from the Government's guidance website Pension Wise if you are considering taking flexible benefits. The guidance is free and impartial and can be accessed on the internet, by phone, or face to face. For more information see www.pensionwise.gov.uk

  If you are considering taking flexible benefits you should consider accessing this pension guidance and taking independent advice to help you decide which option is most suitable for you.

  Please note, Pension Wise does not provide guidance about taking benefits from a defined benefit scheme such as the LGPS.

If you take benefits on flexible retirement and your AVC contract started on or after 13 November 2001 you can choose to take all of your AVC fund at the time you take your flexible retirement benefits, and, if you wish, continue paying AVCs. If your AVC contract started before 13 November 2001 your AVC contract will cease and you will have to use all your AVC fund in one of the above ways at the time you take your flexible retirement benefits.

If you leave before retirement, your contributions will cease when you leave. The value of your AVC fund will continue to be invested until it is paid out. Your AVC plan can be transferred to another pension arrangement or taken at the same time as your main LGPS benefits.

Payments into in-house AVCs will stop when you leave or retire.

When can I retire and take my LGPS pension

The ***Normal Pension Age*** in the LGPS is linked to your ***State Pension Age*** (but with a minimum of age 65). You can choose to retire and take your pension from the LGPS at any time from age 55 to 75, provided you have met the two years ***vesting period*** in the Scheme. If you choose to take your pension before your ***Normal Pension Age*** it will normally be reduced, as it's being paid earlier. If you take it later than your ***Normal Pension Age*** it's increased because it's being paid later. You must take your benefits in the LGPS before your 75th birthday.

You may have to retire at your employer's instigation, perhaps because of redundancy, business efficiency or permanent ill health. Your LGPS benefits, even in these circumstances will, provided you have met the two years ***vesting period*** in the Scheme and (in the case of retirement due to redundancy or business efficiency) you are aged 55 or over, provide you with an immediate retirement pension.

If you voluntarily choose to retire before, on or after your ***Normal Pension Age*** you can defer taking your benefits but you must take them before age 75. If you take your pension after your ***Normal Pension Age***, your benefits will be paid at an increased rate to reflect late payment.

There are specific rules relating to each type of retirement; this section looks at the different ways of retiring, and the implications.

Voluntary retirement

You can voluntarily retire and take retirement benefits at any age between age 55 and 75, provided you have met the two years ***vesting period*** in the Scheme.

Voluntary retirement at Normal Pension Age

You can voluntarily retire and take your benefits in full at your ***Normal Pension Age***.

For benefits built up from April 2014 your ***Normal Pension Age*** is linked to your ***State Pension Age*** (but with a minimum of age 65). It is the age at which you can take the pension you have built up in full. If you choose to take your pension before your ***Normal Pension Age*** it will normally be reduced, as it's being paid earlier. If you take it later than your ***Normal Pension Age*** it's increased because it's being paid later.

Please note that if you were in the LGPS before 1 April 2014 your benefits built up before that date will have a different ***Normal Pension Age***, which for most is age 65.

For further information on when benefits built up before 1 April 2014 are payable see the booklet **If you joined the LGPS before 1 April 2014**.

If the State Pension Age changes in the future how does this affect my LGPS pension?

As the ***Normal Pension Age*** is linked to ***State Pension Age*** any changes to ***State Pension Age*** in the future will apply to all the pension you build up in the Scheme after

31 March 2014. That means that the age when you can take your pension without any actuarial reduction or actuarial increase to your pension will change.

If you built up membership in the LGPS before April 2014 then you will have membership in the final salary scheme. These benefits have a different ***Normal Pension Age***, which for most is age 65. For further information on when benefits built up before 1 April 2014 are payable please read the booklet **If you joined the LGPS before 1 April 2014**.

Choosing to retire and take your pension benefits before your Normal Pension Age

You can choose to retire and take your pension from age 55. You do not need your employer's consent to take your pension before your ***Normal Pension Age.*** Your pension is normally reduced if it is paid before your ***Normal Pension Age.***

If you built up pension in the LGPS before 1 April 2014 then protections are in place for the ***Normal Pension Age*** that applies to those benefits. In addition, if you were a member of the LGPS at any time between 1 April 1998 and 30 September 2006, you may have Rule of 85 protections which mean that if you voluntarily retire before your ***Normal Pension Age*** you will not suffer an actuarial reduction to some or all your benefits, or the reduction that will apply is lower than the reduction that would apply if you had no Rule pf 85 protections. To find out more on protections for pre 1 April 2014 membership please read the booklet **If you joined the LGPS before 1 April 2014**.

Will my pension be reduced if I voluntarily retire before my Normal Pension Age?

If you choose to retire before your ***Normal Pension Age*** your benefits will normally be reduced to take account of being paid for longer. Your benefits are initially calculated as detailed under the heading **How is pension your worked out?** and are then reduced. How much your benefits are reduced by depends on how early you take them.

The reduction is calculated in accordance with guidance issued by the Secretary of State from time to time. The reduction is based on the length of time (in years and days) that you retire early – ie the period between the date your benefits are paid and your ***Normal Pension Age***. The earlier you retire, the greater the reduction.

As a guide, the percentage reductions (effective from 8 January 2019) for retirements up to 13 years early are shown in the table below. Where the number of years is not exact, the reduction percentages are adjusted accordingly.

Number of years paid early	Pension reduction	Lump sum reduction
0	0.0%	0.0%
1	5.1%	2.3%
2	9.9%	4.6%
3	14.3%	6.9%
4	18.4%	9.1%
5	22.2%	11.2%
6	25.7%	13.3%
7	29.0%	15.3%
8	32.1%	17.3%
9	35.0%	19.2%
10	37.7%	21.1%
11	41.6%	N/A
12	44.0%	N/A
13	46.3%	N/A

Your employer can agree not to make any reduction. This is a ***discretion*** and you can ask them what their policy on this is.

You can reduce or avoid the reductions by not taking immediate payment of your benefits on early retirement, ie by delaying payment until a later date. If you decide not to take immediate benefits, the benefits would normally become payable at your ***Normal Pension Age.*** You can defer payment beyond that age, but your benefits must be paid by age 75.

If you were a member of the LGPS at any time between 1 April 1998 and 30 September 2006, some or all of your benefits paid early could be protected from the reduction if you are a rule of 85 protected member. You can find out more about rule of 85 protections from the booklet **If you joined the LGPS before 1 April 2014**.

Choosing to carry on working after your Normal Pension Age

If you choose to carry on working after ***Normal Pension Age*** you will continue to pay into the LGPS, building up further benefits. When you eventually retire you will receive your pension unless you choose to delay taking it. You must take your pension by age 75.

To take account of the fact that you will be taking your pension after your ***Normal Pension Age*** your benefits will be paid at an increased rate based on the period between your ***Normal Pension Age*** and your retirement date.

Early retirement through redundancy or business efficiency

What happens if I lose my job through redundancy or business efficiency?

If you are age 55 or over, your main LGPS benefits are payable immediately without any early retirement reductions if your employer makes you redundant or you are retired on the grounds of business efficiency and you have met the two years ***vesting period*** in the Scheme. However, any additional pension paid for by Additional Pension Contributions or Shared Cost Additional Pension Contributions would be paid at a reduced rate if the retirement occurred before your ***Normal Pension Age*** (to take account of the additional pension being paid for longer).

If you were a member of the LGPS before 1 April 2014 the pension you built up before then is based on your ***final pay*** when you leave the Scheme - please read the booklet **If you joined the LGPS before 1 April 2014**. Also, any additional pension bought by Additional Regular Contributions would be paid at a reduced rate if the retirement occurred before your pre 1 April 2014 ***Normal Pension Age*** which, for most, is age 65.

Ill health retirement

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

If you have to leave work due to illness you may be able to receive immediate payment of your benefits.

To qualify for ill health benefits you have to have met the two 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 Pension Age*** and that you are not immediately capable of undertaking gainful employment.

Ill health benefits can be paid at any age and are not reduced on due to early payment – in fact, your benefits could be increased to make up for your early retirement. There are graded levels of benefit based on how likely you are to be capable of gainful employment after you leave.

The different levels of benefit are:

- **Tier 1: If you are unlikely to be capable of gainful employment before your *Normal Pension* Age**, ill health benefits are based on the pension you have already built up in your ***pension account*** at your date of leaving the Scheme plus the pension you would have built up, calculated on ***assumed pensionable pay***, had you been in the main section of the Scheme until you reached your ***Normal Pension Age***.
- **Tier 2: If you are unlikely to be capable of gainful employment within 3 years of leaving**, **but are likely to be capable of undertaking such employment before your *Normal Pension Age***, ill health benefits are based on the pension you have already built up in your ***pension account*** at your date of leaving the Scheme plus 25% of the pension you would have built up calculated on ***assumed pensionable pay****,* had you been in the main section of the Scheme until you reached your ***Normal Pension Age***.

- **Tier 3: If you are likely to be capable of gainful employment within 3 years of leaving, or before your *Normal Pension Age* if earlier,** ill health benefits are based on the pension you have already built up in your ***pension account*** at leaving. Payment of these benefits will be stopped after 3 years, or earlier if you are in gainful employment or become capable of such employment, provided you have not reached your ***Normal Pension Age*** by then. If the payment is stopped it will normally become payable again from your ***Normal Pension Age*** but there are provisions to allow it to be paid earlier. Details would be provided at the time.

Gainful employment means paid employment for not less than 30 hours in each week for a period of not less than 12 months.

If you have previously received a Tier 1 ill health pension from the LGPS, or were awarded a LGPS ill health pension before 1 April 2008, then no enhancement can be added to your ***pension account*** if you are retired again for reasons of ill health.

If you have previously received a Tier 2 ill health pension from the LGPS, any enhancement due upon a subsequent ill health retirement is adjusted and capped. If, in respect of the subsequent ill health retirement you are awarded a Tier 1 or Tier 2 pension, the enhancement cannot exceed three quarters of the number of years between the initial ill health retirement and your ***Normal Pension Age***, less the number of years of active membership since the initial ill health retirement.

Where an enhancement is payable, the additional pension is added to your ***pension account***.

If an independent registered medical practitioner certifies that, during the period used to determine ***assumed pensionable pay***, you were working reduced contractual hours because of the ill health which led to your retirement, the ***assumed pensionable pay*** is to be calculated on the pay you would have received during that period had you not been working reduced contractual hours.

If you were paying into the LGPS before 1 April 2014, the pension you built up before then is based on your ***final pay*** when you leave the Scheme. To find out more on protections for pre 1 April 2014 membership please read the booklet **If you joined the LGPS before 1 April 2014**.

Flexible retirement

Can I have a gradual move into retirement?

Rather than continuing in your job to your ***Normal Pension Age*** or beyond you may wish to consider the possibility of flexible retirement. From age 55, if you reduce your hours or move to a less senior position, and provided you have met the two years ***vesting period*** in the Scheme and your employer agrees, you can take some or all of the pension benefits you have built up, helping you ease into retirement. You can ask your employer for details of their policy on flexible retirement.

If your employer agrees to flexible retirement you can still receive your wages / salary from your job on the reduced hours or grade and continue paying into the LGPS, building up further benefits in the Scheme.

Your election to receive benefits must be made to your Pension Fund administrator.

Do I have to take all my pension benefits if I take flexible retirement?

If your employer agrees to flexible retirement then you would have to take:

- all of the benefits that relate to any pre 1 April 2008 membership, plus
- all, none or some of the benefits that relate to your membership from 1 April 2008 to 31 March 2014, plus
- all, none or some of the benefits that relate to your pension built up from 1 April 2014, plus
- any additional benefits bought under an added years contract which commenced before 1 October 2006 or derived from an ***Additional Voluntary Contributions (AVC)*** contract that commenced before 13 November 2001, plus
- any additional pension being purchased either through Additional Pension Contributions (APCs), Shared Cost APCs or Additional Regular Contributions (ARCs), any additional pension awarded by your employer and any benefits derived from an AVC contract that commenced on or after 13 November 2001 (if you choose to take these).

Will my pension and lump sum be reduced if I take flexible retirement?

If you take flexible retirement before your ***Normal Pension Age*** your benefits, initially calculated as detailed under the heading **Choosing to retire and take your pension benefits before your Normal Pension Age** will normally be reduced for early payment.

If you were a member of the LGPS at any time between 1 April 1998 and 30 September 2006, some or all of your benefits paid early could be protected from the reduction if you are a rule of 85 protected member. You can find out more about rule of 85 protections from the booklet **If you joined the LGPS before 1 April 2014**.

Your employer may, however, determine not to apply all or part of any reduction. You can ask them what their policy on this is.

If you receive payment of your benefits on flexible retirement, then your benefits will not be subject to reduction or suspension for re-employment whilst you are in a job with the employer that allowed you to take flexible retirement. However, if you leave and are re-employed in ***local government*** or by an employer who offers membership of the LGPS and part of your pension in payment is in respect of pension you built up before 1 April 2014, you must tell the LGPS administering authority that pays your pension about your new employment, regardless of whether you join the Scheme in your new job or not. They will let you know whether your pension in payment is affected in any way.

If you take flexible retirement after your ***Normal Pension Age*** your benefits will be increased to reflect late payment. See the section above on **Working after your Normal Pension Age** for more information.

More about your LGPS retirement benefits
What are the HM Revenue and Custom tax controls on my LGPS benefits?

There are HM Revenue and Customs controls on the pension savings you can have before you become subject to a tax charge when you take them (over and above any tax due under the PAYE system on a pension in payment).

You can find out about HM Revenue and Customs controls on your pension savings from the booklet on **Tax controls and your LGPS benefits.**

Under HM Revenue and Custom rules, if the LGPS makes an unauthorised payment there will be a tax charge. If you pay some or all of your LGPS lump sum back into a pension arrangement, there may be a tax charge.

How does my pension keep its value?

On retiring on or after age 55 your LGPS pension increases in line with the cost of living every year throughout your retirement. **If the cost of living increases, so will your pension.** If you are retired on ill health grounds, your pension is increased each year regardless of your age.

Guaranteed Minimum Pension (GMP)

If your membership in the LGPS includes a ***Guaranteed Minimum Pension (GMP***), then at age 60 (women) or 65 (men) or at the date of your retirement if later, your LGPS pension for membership before 6 April 1997 will be compared with your ***GMP*** and increased to the rate of your ***GMP*** should this be higher. In most cases, your LGPS pension is higher than your ***GMP***.

If you retire and choose not to take your pension immediately, the ***GMP*** element (if any) of your pension must be paid from age 60 (women) or 65 (men), unless you are still in some employment at that time and consent to postponement of payment of your ***GMP***.

Information about your state retirement pension

In addition to your LGPS benefits, you may also qualify for a state retirement pension paid by the government from ***State Pension Age***.

A new single tier, flat rate State Pension has been introduced for people who reach ***State Pension age*** on or after 6 April 2016. It replaces the basic and additional State Pension that is payable to people who reached ***State Pension age*** before 6 April 2016. You will be able to claim the new State Pension when you reach ***State Pension age*** if you're:

- a man born on or after 6 April 1951
- a woman born on or after 6 April 1953

and, normally, have at least 10 years qualifying years on your National Insurance record.

If you do not know your ***State Pension age***, you can use the ***State Pension age*** calculator to find this out.

Your pension

You should be aware that, as a member of the LGPS, if you are eligible for the new State Pension you might not receive the full amount. This is because as a member of the LGPS you are likely to have paid a lower amount of National Insurance in previous years. More information about this and the new State Pension can be found at www.gov.uk/yourstatepension.

Since 2010, **State Pension Age** for women has gradually increased to be equalised with that for men and reached age 65 in November 2018.

State Pension age equalisation timetable for women

Date of birth	New State Pension Age
Before 6 April 1950	60
6 April 1950 - 5 April 1951	In the range 60 - 61
6 April 1951 - 5 April 1952	In the range 61 - 62
6 April 1952 - 5 April 1953	In the range 62 - 63
6 April 1953 - 5 August 1953	In the range 63 - 64
6 August 1953 - 5 December 1953	In the range 64 - 65

The **State Pension Age** will increase to 66 for both men and women between December 2018 and October 2020.

Increase in State pension age from 65 to 66 for men and women

Date of birth	New State Pension Age
6 December 1953 - 5 October 1954	In the range 65 - 66
After 5 October 1954	66

Under current legislation the State Pension Age is due to rise to 67 between 2026 and 2028 and to 68 between 2044 and 2046. However the government has announced plans to bring forward the rise to 68 to between 2037 and 2039.

To find out your State Pension Age please visit:
www.gov.uk/calculate-state-pension.

More information

For more information or if you have a problem or question about your LGPS benefits, please contact the Pensions Office. Contact details can be found at the back of this booklet.

The national website for members of the LGPS is www.lgpsmember.org

You can find out about what you can do if you are not happy about a decision made about your LGPS pension position from the booklet **Help with pension problems**.

How to Contact Us

mypension Online Member Service
You can access your pension record online, securely change your personal details and raise a query with the Fund by registering for a **mypension** account.

Please register or login to use this service at:
http://www.twpf.info/mypension

When contacting the Pensions Office, you will need to provide three forms of identification before we can give you any personal details.

Pensions Helpline
Telephone - 0191 424 4141

We will not be able to provide information to anyone else on your behalf unless you are present during the call and authorise us to do so.

Office Hours
Monday to Thursday 9.00am to 4.30pm
Friday 9.00am to 4.30pm

Postal Address
Pensions Office
PO Box 212
South Shields
NE33 9ER

Full Address for recorded delivery
Pensions Office
Town hall and Civic Offices
Westoe Road
South Shields
NE33 2RL

Our information is available in other ways on request. Please let us know if we can help in any way.

Privacy Notices – How we use Your Personal Information
South Tyneside Council holds information for the Tyne and Wear Pension Fund and Northumberland County Council Pension Fund about you that is used for pension processing. Your information is treated as confidential; however, it may be shared with other organisations for the processing of benefits and, if we are required by law, for the detection and prevention of fraud.

If you would like to know more about what information we hold about you, or the way we use it please contact **the Pensions Helpline** on **0191 424 4141**, write to the Pensions Office,
PO Box 212, South Shields, NE33 9ER or view the website at
www.twpf.info/article/28815/Privacy-Notices