

How are the benefits worked out?

For each year in the Scheme you receive a pension of 1/60th of your final year's pensionable pay.

And if you want to take a lump sum, you receive £12 lump sum for each £1 of pension given up. You can take up to 25% of the capital value of your pension benefits as a lump sum.

Example (full time)

Mrs A is 65 and has 20 years full time membership in the Scheme. Her final year's pensionable pay is £15,000.

Her annual pension is:

$$20 \text{ years} \times \frac{1}{60} \times £15,000 = £5,000$$

If she decided to give up £1,000 pension for a cash lump sum, then:

Her reduced annual pension is:

$$£5,000 \text{ less } £1,000 = £4,000$$

To give a tax free lump sum of:

$$£1,000 \times 12 = £12,000$$

If you work part-time your membership is reduced to reflect part-time working but full-time pay is used in the calculation.

You can look forward with confidence with the LGPS, because:

- contributions you pay today will provide you with retirement benefits based on your pensionable pay in the year you leave. This means the pension you build up during employment keeps pace with rises in your pay.
- after retirement, your pension increases with the cost of living.
- your benefits are secure. They are set out in law.

and you can:

- pay more to increase your benefits.
- ask to transfer previous pension rights into the Scheme.

and something to think about:

When it is time for you to retire will the State pension alone offer the security you will need?

New employees, other than casual employees, are automatically brought into the Scheme. If you decide to opt out of the Scheme you must do so within three months to be entitled to a refund of contributions:

Whichever choice you make in the future, it is recommended that you seek independent financial advice before finally making a decision.

There will be major changes to the LGPS from April 2014. Further information about the scheme and changes to the scheme can be found on our website.



LOCAL GOVERNMENT PENSION SCHEME 2013/2014

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Now is the time to be planning for your future, so you need to consider a pension.

Choose the Local Government Pension Scheme (LGPS) and have a head start.

That's because the Scheme is provided by your employer who pays a large part of the cost.

The scheme is an important part of your employment package and is a valuable benefit on top of your pay.

Lets look at the cost and benefits of joining the LGPS that apply from 1 April 2008.

The cost of being a member of the Scheme is **less** than you might think.

How much it costs you depends on how much you are paid but it will be between 5.5 and 7.5% of your pay. The rate you pay depends on which pay band you fall into.

If you work part time your contribution rate will be based on the whole time pay rate for your job, although you only pay contributions on the pay you actually earn.

It costs even less if you pay tax and National Insurance as you get tax relief on your contributions and pay a lower rate of National Insurance.

And your employer pays the rest, which costs your employer about double the amount you pay.

Here are the pay bands that apply from April 2013.

Whole time pay rate	Contribution Rate
£0 to £13,700	5.5%
£13,701 - £16,100	5.8%
£16,101 - £20,800	5.9%
£20,801 - £34,700	6.5%
£34,701 - £46,500	6.8%
£46,501 - £87,100	7.2%
More than £87,100	7.5%

The pay band ranges will be increased each April in line with the cost of living.

The LGPS is one of the best ways to plan for retirement with an excellent range of benefits that both full-time and part-time employees can enjoy. These include , after 3 months service in the Scheme:

- **A tiered ill-health retirement package** if you have to leave work at any age due to permanent ill health. This could give you increased benefits, paid straight away, if you are unlikely to be capable of gainful employment within a reasonable time after you leave.
- **Early payment of benefits** if you are made redundant or retired on business efficiency grounds and you are aged 55 or over.
- **The right to voluntarily retire** from age 60, even though the Scheme's normal pension age is 65. You can even retire from as early as age 55, provided your employer agrees.

Flexible retirement from age 55 if you reduce your hours, or move to a less senior position. Provided your employer agrees, you can draw some or all of your benefits, helping you ease into your retirement.

If you choose to voluntarily retire before 65, or take flexible retirement before then, your benefits would be reduced to account for them being paid for longer.

You can even stay in the LGPS if you carry on working beyond age 65, although you have to draw your benefits by age 75. Benefits drawn after age 65 will be increased.

Other benefits include:

- ✓ Life cover from the moment you join, with a lump sum of 3 years pay being paid if you die in service.
- ✓ Cover for your family, with a pension for your husband, wife, registered civil partner or nominated cohabiting partner and for eligible children if you die in service or die after leaving with a pension entitlement.

When you retire you can look forward to a pension for life that increases with the cost of living, and you can exchange part of your annual pension for a one off tax-free cash payment.

Whats more, it's a final salary scheme, which means your benefits are normally based on your final year's pensionable pay and the number of years you have been a member of the Scheme.