**LOCAL GOVERNMENT PENSION SCHEME (LGPS)**

This booklet is intended to give non-Teaching based staff some basic information about the Local Government Pension Scheme. The Scheme is managed by the Royal County of Berkshire Pension Fund and you should refer directly to them if you have any questions.

**Why is being in a Pension scheme a good idea?**

The State Pension doesn’t pay enough for people to live on when they retire so it is important that people have other methods of income set aside for when they retire whether that be savings/investments, equity release, property or a pension.

Pensions have a number of important advantages that will make your savings grow more rapidly than might otherwise be the case. A pension is basically a long term savings plan with tax relief. There are numerous benefits to having a pension scheme including:-

* Getting tax relief on pensions means some of your money that would have gone to the Government as tax goes into your pension instead.
* A lump sum payment is paid to whoever you nominate on your Expression of Wish form in the event of your death (death grant)
* Your partner (co-habiting, civil or spouse) will become entitled to part of your pension paid on an on-going basis as will any of your children (if they meet the criteria)
* You are eligible to take a lump sum payment from your pension scheme when you retire.

**What is the Local Government Pension Scheme (LGPS)?**

To help people save more for their retirement, employers are now required to automatically enrol their employees into a workplace pension scheme. Therefore, when a non-teaching member of staff joins the Avenue Special Needs Academy they are automatically enrolled into the Local Government Pension Scheme unless they choose to opt out (providing you have a contract of employment for at least three months).

Under a Defined Benefits scheme the pension builds up a formula which is applied to the member’s pensionable earnings – pensionable pay / 49 = annual pension.

The member’s pension builds up year on year based on their pensionable pay and this formula. The monthly percentage that a member pays from their salary just keeps them a member of the scheme to then be entitled to a pension based on their salary and the formula. There is no risk attached to the pension as it is based on earnings and not the stock market or investment returns. If you were a member of a money purchase or Defined Contribution scheme the pension would be based on the amount a member or employer pays and investment return based on funding levels etc. A DB scheme is a guaranteed pension for life (once a member has at least two years in the scheme).

**Who manages the Local Government Pension Scheme (LGPS)?**

The scheme is managed by Berkshire Pension Fund on behalf of all local government employers in Berkshire. Their contact details are as follows:

Telephone - 01628 796 668

Email - info@berkshirepensions.org.uk

Website - <http://www.berkshirepensions.org.uk/>

Address: Royal County of Berkshire Pension Fund, Minster Court, 22-30 York Road, Maidenhead, SL6 1SF

**What happens when I am auto-enrolled?**

When you join us, you will automatically be enrolled into the LGPS unless you opt out.The Royal County of Berkshire Pension Fund will write to new members to provide them with an activation code to create their online account login and they recommend you complete some forms - such as the Expression of Wish Form for the death grant and a transfer application form if appropriate. You will then be able manage your scheme on line

**Pension Contributions**

**How much do I pay into the Scheme?**

There are 2 parts of the scheme – the MAIN Section and the 50/50 section.

The **MAIN** section of the scheme is the section you will be placed in automatically when you commence employment (or opt in to the LGPS). In the MAIN section, you pay your normal contribution rate and build up your normal amount pension each year (ie 1/49th of your pensionable pay).

**The 50/50 section**

You are able to opt in to the 50/50 section. If you do so, you will then pay half your normal contribution but, whilst you are in the 50/50 section, you will only be building up half the normal pension (1/98th of your pensionable pay). If you have more than one employment you can elect for the 50/50 option in one, some or all your employments.

Regardless of the section you are in, you receive full life assurance cover and you are fully protected under ill-health retirement regulations.

The rate of contribution you pay is based on your actual pensionable pay. There are nine different contribution rates ranging from **5.5%**to**12.5%** - see table below. We will assess the rate of your contribution based on your actual pensionable pay.

The **2020/2021** employee contribution bands within the **MAIN** and **50/50** Sections of the LGPS are detailed below:-.

|  |  |  |  |
| --- | --- | --- | --- |
| **Band** | **Salary Range** | **MAIN Section****Contribution %** | **50/50 Section****Contribution %** |
| **1** | **£0 to £14,600** | **5.5%** | **2.75%** |
| **2** | **£14,601 to £22,800** | **5.8%** | **2.9%** |
| **3** | **£22,801 to £37,100** | **6.5%** | **3.25%** |
| **4** | **£37,101 to £46,900** | **6.8%** | **3.4%** |
| **5** | **£46,901 to £65,600** | **8.5%** | **4.25%** |
| **6** | **£65,601 to £93,000** | **9.9%** | **4.95%** |
| **7** | **£93,001 to £109,500** | **10.5%** | **5.25%** |
| **8** | **£109,501 to £164,200** | **11.4%** | **5.7%** |
| **9** | **£164,201 or more** | **12.5%** | **6.25%** |

You must be part of the **MAIN** section before you can elect to opt in to the **50/50** section of the Scheme.

#### **How do I sign up for 50/50?**

To opt in to the 50/50 section of the LGPS, please complete and return the 50/50 election form which can be found on the website and return it to Gill Wydrzynski. On receipt of the completed form, the payroll department will commence your 50/50 pension contributions from the first available pay period following your date of election.

### Opting back in to the MAIN Section

You can opt back in to the **MAIN Section** of the LGPS at any time by completing form LGS10B. Once completed, please return to Gill Wydrzynski who will send onto our payroll company who will then commence contributions under the MAIN section from the next available payday.

Regardless of the section you are in, you still receive full life assurance cover from day one of your membership.

**Please note the LGPS is a Defined Benefit (DB) pension arrangement which means the benefits you build up are not based on the contributions that you or your employer pay. The benefits paid from the LGPS are defined in legislation and therefore set out in law. There are set formulae and strict regulations governing how benefits are to be calculated and paid.**

### Does the Avenue contribute?

We pay the balance of the cost of providing your benefits.

Every three years an independent review, known as a valuation, is undertaken to calculate how much we should contribute to the Scheme. The date of the last valuation was 31 March 2019 with employer contribution rates being set for the period 1 April 2020 to 31 March 2023.

We take on any risk associated with the pension scheme (for example if our investments didn’t perform particularly well). The fact that we contribute also means that your contributions is kept as low as we can. If the employer didn’t pay anything the member would have to pay a lot more. The employer contribution also goes towards to cost of providing the life cover and ill-health retirement benefits and ensuring we can continue to pay the pension benefits for life.

**Increasing your Pension Contributions**

As a member of the Local Government Pension Scheme (LGPS) it is possible, subject to certain conditions, to improve your pension entitlements by paying additional contributions over and above the standard contributions that you already pay.

There are currently 5 options available to you:

1. Purchase of Additional Pension Contributions (APCs)
2. Additional Voluntary Contributions (AVCs)
3. Free Standing Additional Voluntary Contributions (FSAVCs)
4. Stakeholder Pension Scheme
5. Personal Pension Plan

Further information on these options can be found on the website.

### Changes to your Personal Circumstances

If you change your weekly hours or term-time weeks of employment the benefits you build up within the Local Government Pension Scheme (LGPS) will be affected as it is your actual earnings that are used to determine the amount of pension you build up.

The Local Government Pension Scheme class part-time employees as anyone whose contractual hours of work are less than **37 per week** for **52.143 weeks of the year**. A part-time employee may also be someone who works 37 hours per week but for less than 52.143 weeks of the year such as an employee of a school who works during term-time only.

### How does part-time employment affect my membership of the LGPS?

The LGPS is a defined benefit, Career Average Revalued Earnings (CARE) pension scheme. As such benefits are defined in line with statutory regulations and based on your pensionable pay in each year from 1 April to 31 March (this is known as the 'scheme year').

For each scheme year that you are a member, a pension equal to a 49th of your pensionable pay will be added to your pension account. Inflationary increases will then be added to ensure that your pension account keeps up with the cost of living.

Benefits are not based on the contributions that you and the Avenue School pay into the scheme (as they would be if you belonged to a 'money purchase' scheme).

The longer you are a member of the scheme, and the greater your pensionable pay, the higher your benefits will be when you retire or leave the scheme.

The pensionable pay used in the calculation of your pension will reflect periods of full and part-time employment that you may have.

### How does part-time employment affect my pensionable pay?

As we have already mentioned your pension is built up based on a 49th of your pensionable pay during each scheme year running from 1 April to 31 March (if you are part of the 50/50 section you build up pension benefits based on a 98th of your pensionable pay). The pensionable pay is the amount of pay on which you pay contributions. It includes non-contractual (as well as contractual) overtime and any additional hours worked in excess of your contractual hours. If you are part-time the pensionable pay used to calculate your pension will be your actual part-time pensionable pay from 1 April to 31 March each year.

**EXAMPLE:**

An employee works full-time for 1 year in the LGPS from 1 April 2014 to 31 March 2015. Their annual pensionable salary is £26,500.

The pension they will earn for that year is calculated as follows:

**£26,500 X 1/49 = £540.82**

This will mean that **£540.82**will be added to the member's pension account for 2014/2015.
If, however, the same person worked at 50% of full-time for that year, his pension would be calculated as follows:

**£13,250 X 1/49 = £270.41**

This will mean that **£270.41** will be added to their pension account.

### Leave of Absence

While a member of the Local Government Pension Scheme (LGPS) there may be occasions when you are away from work and, in some cases, do not pay pension contributions.

If you do not pay contributions for a period of absence you will not automatically build up pension benefits for this period. There is, however, always an opportunity for you to pay contributions to cover the period of 'lost' pension by entering into a **Shared Cost Additional Pensions Contract (SCAPC)**

## Sick Leave

If you are on sick leave the amount of pension you build up won't be affected. When you are in receipt of full sick pay your pension builds up as normal using the pensionable pay you receive. If you have a period of reduced contractual pay or no pay due to sickness or injury then your pension is worked out using an average of your usual pensionable pay (before the reduction in pay took place). This cover means that when the pay you receive is less than your normal pay (because of sickness or injury), the pension you build up won't be affected. You will only pay your contributions on any pay that you receive.

## Child-related leave

From 1 April 2014 if you are a new parent and have a period of relevant child related leave the amount of pension you build up won't be affected. Relevant child related leave covers all periods of Ordinary Maternity Leave, Ordinary Adoption Leave and Ordinary Paternity Leave and any paid Additional Maternity Leave, Additional Adoption Leave and Additional Paternity Leave.

That means that if you have a period of reduced contractual pay or no pay during relevant child related leave your pension is still worked out using an average of your usual pensionable pay (before the reduction in pay took place). This is referred to as your Assumed Pensionable Pay (APP).

You will only pay your contributions on any pay that you receive. If you decide to take a period of unpaid additional Maternity, Adoption (usually from week 39 to week 52) or Paternity Leave you **will not** build up pension benefits. You can avoid this by paying **SCAPCs** (Shared Cost Rate). When you return to work following a period of unpaid absence, you will be given the option to buy back the lost pension. If you buy it back within 30 days of returning to work then you can pay the SCAPC which means that we pay 2/3rds of the cost and you only have to pay 1/3rd of the cost*.*

## Agreed absence

If you are away from your job for a period of time with our agreement (for any reason other than sickness or injury) for a continuous period you can elect to take out a SCAPC contract to cover any 'lost' pension for this period. If you return to work and choose not to pay contributions for your period of absence, the value of your LGPS pension benefits will reflect a break and it wouldn’t be counted with calculating the pension benefit.

## Trade dispute

If you are away from work without our permission due to being involved in a strike, your LGPS pension entitlement will reflect a break for any days that you are absent. If you wish to pay contributions for any strike period you will need to enter into a 'Full Cost' APC contract ie we will not pay any part of the APCs).

## Jury service

Absence due to a period of jury service is treated in exactly the same way as periods of agreed absence. Therefore, please refer to the section headed 'Agreed absence'.

## Reserve Forces leave

If you enter into a period of reserve forces leave you will continue to pay a contribution to the Fund in order to continue to build up a pension as if you had been at work throughout.

In order to do this your contribution will be based on your Assumed Pensionable Pay. The Ministry of Defence would then be required to deduct these contributions from you and pay them over to the Berkshire Pension Fund in order to maintain your continued pension entitlement.

## Buying periods of 'lost' pension

You can elect to cover the period of pension 'lost' by taking out a Shared Cost Additional Pension Contribution (SCAPC) contract.

Where a SCAPC contract is taken out to cover the pension 'lost' during a period of unpaid additional Maternity, Adoption or Paternity leave or periods of unpaid authorised leave of absence. The cost is shared 1/3rd to the employee and 2/3rds to the employer, provided that you make an election to buy the 'lost' pension within 30 days of returning to work.

The cost of buying back any period of 'lost' pension is determined by a series of age-related factors provided by our Government Actuary's Department. If you would like to find out the cost of buying back 'lost' pension in respect of an unpaid period of absence, please refer to the website.

## Death in Service

**Expression of Wish Form**

As a member of the Local Government Pension Scheme (LGPS) you have the peace of mind that should anything happen to you, comprehensive benefits are paid out of the Scheme to your beneficiaries.

From the first day of scheme membership, if you were to die in service, a lump sum death grant equal to three times your annual pensionable pay is payable to your nominees or personal representatives. Under scheme regulations you are able to state who you would like to receive this benefit in the event of your death.

The Administering Authority to the Pension Fund does have absolute discretion as to whom a death grant should be paid but every effort will be made to ensure that your wishes are upheld.

**Why should I complete an expression of wish form?**

Whilst there is no requirement for you to complete an expression of wish form, there are two main reasons why doing so would be advantageous.

If you do not complete an expression of wish form, any death grant that may become payable will be paid to your legal beneficiary. Whilst this may be the same person or persons that you wish to receive your death grant, payments made in this way may be subject to Inheritance Tax where the total value of your estate exceeds the appropriate level. Simply by completing an expression of wish form and declaring your chosen beneficiaries, the death grant can be paid immediately to your beneficiaries and will potentially fall outside of Inheritance Tax.

In the event of your death without an expression of wish form having been completed, we will require from your next of kin, or other representative, sight of Grant of Probate or Letters of Administration before releasing payment of the death grant to your estate. This can be a lengthy process and involves the services of a solicitor. By completing an expression of wish form the payment of the death grant can be made without the need to see these legal documents.

**Who can I choose to receive my death grant?**

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 list is endless. However, remember that the administering authority has absolute discretion when making payment of the death grant and will want to honour your wishes so always consider those who will and those who will not benefit.

**Can I change my Expression of Wish at any time?**

Yes you can. You can even cancel your expression of wish. You need to consider amending your form if:

* Your circumstances change;
* You become divorced or dissolve a civil partnership;
* The person you have chosen dies;
* It becomes impractical to make payment to your chosen beneficiary (such as a charity that no longer exists).

If you are unsure whether or not you have already completed an expression of wish form you can contact the Berkshire Pension Fund who will be able to advise you accordingly.

You can update your expression of wish form on-line or in the form of a paper copy.

**Can I choose who can receive my pension benefits?**

As a member of the LGPS, your dependants automatically qualify for part of your pension in the event of your death. If you are married, your husband or wife qualifies for a spouse's pension. If you have registered a civil partnership, your civil partner will qualify for a civil partner's pension. If you leave dependant children, they will also qualify for a pension for so long as they are eligible. Details of all of these benefits are provided in the factsheet ‘Protection for your Family’

From 1 April 2008 the LGPS regulations introduced partner's pensions for the first time and it is now possible for your cohabiting partner to receive part of your pension in the event of your death. To find out more about a cohabiting partner's pension please read our factsheet – ‘Cohabiting partner’s pension’.

**Protection for your family**

If you die in service, certain benefits may be paid to your dependants:-

**Death Grant**

As mentioned above, the person(s) named on your Expression of Wish form would be entitled to a payment worth 3 times your annual salary (ie the average of the last 3 whole month’s pay prior to date of death, uprated to an annual amount).

**Spouse's Pension**

If you die and leave a husband or wife, he or she, will become entitled to part of your pension. Local Government long-term dependant spouse's pensions no longer cease upon re-marriage to another person.

**Widow/Widowers Pension**

If you die before your wife/husband a long-term widow/widower’s pension is payable equal to 1/160th of your Assumed Pensionable Pay for each year or fraction of a year uprated to the value you would have become entitled to had you remained a member of the scheme to your Normal Pension Age (NPA).

Your widow/widower's long-term pension is fully inflation proofed and payable for life.

**Children's Pension**

Children's pensions are payable as long as eligible children remain following your death. To be eligible your child must be a natural or adopted child, a step-child or a child accepted by the deceased as a member of the family. They would also need to meet the following additional criteria:

* Aged under 18; or
* Aged 18 or over but under 23 and have been in full-time education or training since before the age of 18; or
* Dependent upon you by reason of incapacity since before the age of 18; or
* Born within 12 months from the date of your death.

The administering authority may, at their discretion, ignore a break in education or training and you can ask your administering authority what their policy is on this matter.

Please note that any children's pension brought into payment before 6 April 2006 is payable to the age of 17 or the point at which full-time education or training ceases, if later.

**Childrens' Long-term Pension**

If there is a pension payable to your legally married spouse, cohabiting partner or civil partner, the following children's pensions will be payable:

* One eligible child will receive 1/320th of your Assumed Pensionable Pay for each year and part-year used in the calculation of your benefits (including the enhancement to your Normal Pension Age).
* Two or more eligible children will receive 1/160th of your Assumed Pensionable Pay for each year and part-year used in the calculation of your benefits (including the enhancement to your NPA) divided equally between them.

If there is no pension payable to your legally married spouse, cohabiting partner or civil partner, all references made above to 1/320th should be replaced with 1/240th and all references to 1/160th should be replaced with 1/120th.

Put simply, the calculation of dependant pensions is dependent on the number of children the Pension Scheme are paying and whether there is a surviving spouse / partner or not. Please refer to the Royal County of Berkshire’s Pension Fund website as it can be quite complicated.

Children's pensions are fully inflation proofed.

**Civil Partner's Pension**

**Long-term Civil Partner's Pension**

If you die before your civil partner he or she will become entitled to a long-term civil partner's pension equal to 1/160th of your Assumed Pensionable Pay for each year and part-year of your membership built up since 6 April 1988 plus your prospective membership to age 65. Your civil partner's long-term pension is fully inflation proofed and payable for life.

**Important Changes to Civil Partnership Benefits**

The Local Government Pension Scheme (Miscellaneous) Regulations 2009 make amendments to scheme regulations as they relate to certain survivor's benefits. If you have registered a civil partnership, your civil partner, as a result of a change to the regulations, will now qualify for a survivor's pension in the event of your death, based on all of your scheme membership since 1 April 1972. This brings civil partners in line with spouse's benefits (widow's and widower's).

Further information regarding Civil Partners pension benefits can be viewed by downloading the factsheet ‘Civil Partnerships and Your Pension’.

**Cohabiting Partner's Pensions**

If you die and leave a cohabiting partner or civil partner, he or she, as your cohabiting partner or civil partner, will become entitled to part of your pension. Local Government long-term dependant cohabiting partners and civil partner's pensions no longer cease upon cohabitation with another person.

**Long-term Cohabiting Partner's Pension**

Providing you have contributed to the LGPS at some point since 1 April 2008 your cohabiting partner may be eligible to receive a survivor's pension that becomes payable in the event of your death. For a cohabiting partnership to be valid both you and your partner MUST satisfy the following conditions at your date of death:

* Your cohabitation had been continuous for at least 2 years at the date of death
* You are free to marry or enter into a civil partnership at any time
* You are living together as if husband and wife or civil partners
* You are not living with a third person as if husband or wife or civil partners
* Either your partner is financially dependent upon you or you are financially inter-dependent upon each other.

Your cohabiting partner's long-term pension is fully inflation proofed and payable for life.

If you would like to find out more about cohabiting partner's pensions please refer to the factsheet ‘ Cohabiting Partner’s Pension’.

## Annual Benefit Statements

Annual Benefit Statements provide details of the current value of your pension benefits held within the LGPS.

Your annual benefit statement provides you with the value of your Berkshire Pension at 31 March each year and your Normal Pension Age.

## Leaving the Scheme

**Leaving the Avenue’s Employment**

On leaving our employment, you will have following options:-

* Deferred Benefits (leave the benefits where they are)
* Transfer to another Local Government Pension Fund if you take up further employment with an employer who participates in the LGPS
* Transfer to a non-Local Government pension scheme such as a new employer's scheme or even a personal pension plan
* Refund of pension contributions (if you have less than 2 years of Scheme membership including any membership you may have transferred into the Scheme from other pension Schemes).

### Opting Out

You may elect to opt-out of the Local Government Pension Scheme (LGPS) at any time. If you have **at least 2 years membership of the Scheme**(including any former pension rights transferred into the LGPS), you will be entitled to a pension benefit and will not be able to have a refund of the contributions you have paid.

If you have**less than 2 years membership of the Scheme** (providing you have no previous LGPS benefits held elsewhere and you are under State Pension Age), you will be entitled to a refund of the contributions you have paid (minus a statutory 20% tax deduction

You are allowed to opt back in to the LGPS in the future so long as you remain in eligible local government employment.

**Retirement**

If you are thinking about retiring soon, please contact the Berkshire Pension Fund as there are lots of different options including early retirement, ill-health retirement, late retirement, flexible retirement (where you work and draw a pension).