

Local Government Pension Scheme

Changes have been made to the Local Government Pension Scheme (LGPS). These changes, unless indicated otherwise, come into effect from 14 May 2018 and are summarised below.

The early reduction factors are set by the Government and can vary from time to time. The current factors can be found on the national LGPS member website -

www.lgpsmember.org/more/reductions.php

[More information about taking your deferred is available on the national LGPS website -
www.lgpsmember.org/arl/already-left-when.php](http://www.lgpsmember.org/arl/already-left-when.php)

Changes to pre- April 2014 AVC contracts – if you are a member of the LGPS who is, or was, paying Additional Voluntary Contributions (AVCs) and the contract to pay those AVCs started before 1 April 2014, you will see some changes to the way your AVCs are calculated and how you can take your AVC plan.

If you are currently paying AVCs:

- you can now pay up to 100% (rather than 50%) of your pensionable pay into your AVC plan.
- AVCs will now also be deducted from any voluntary overtime you work (if you pay AVCs as percentage of your salary).

When you take your AVC plan:

- if you leave the scheme with a deferred benefit you can now buy additional pension from the LGPS with your AVC plan when you take your benefits from the scheme. Before the change, this option was only available to members who took immediate payment of their main scheme benefits and their AVC plan when they left the scheme.
- when you take your main scheme benefits you will no longer be able to leave your AVC invested and take it later.
- if you die before taking your AVC and a lump sum is to be paid from your AVC plan your pension fund now has absolute discretion over who to pay that sum to (rather than it having to be paid to your estate). If the lump sum is paid at the discretion of the pension fund it does not form part of the estate and will not be subject to inheritance tax.

For information about the other ways you can use your AVC plan see the national LGPS website - www.lgpsmember.org/more/AVCOptions.php

Expansion of the underpin

The way your pension is calculated in the LGPS changed from 1 April 2014. If you were a member of the LGPS before 1 April 2014 any benefits built up to 31 March 2014 are protected as final salary benefits and will normally be calculated using your membership to 31 March 2014 and your final year's pay.

An additional protection was put in place for members who were active members of the LGPS on 31 March 2012 and who were within 10 years of age 65 at 1 April 2012. Subject to certain conditions, these members will get a pension at least equal to that which they would have received had the scheme not changed on 1 April 2014. This protection is known as the underpin.

This underpin protection has now been extended to also apply to people who were active members of a different public service pension scheme on 31 March 2012 and who were within 10 years of age 65 on 1 April 2012; if these people join the LGPS and transfer their pension benefits from the other public service pension scheme into the new LGPS scheme and part or

all of that transfer buys final salary benefits in the LGPS, subject to certain conditions, the underpin will apply.

This change takes effect from 1 April 2014.

More information on the underpin is available on the national LGPS website - www.lgpsmember.org/more/underpin.php