



**Nottinghamshire
County Council**

Local Government Pension Scheme PEN 16: Leaving the pension scheme before retirement age



Introduction

This booklet gives information about the options available to you if you have left or are leaving a pensionable employment, or are opting out of the Local Government Pension Scheme (LGPS), and are not entitled to the immediate payment of your pension benefits.

It also contains an option form, to complete and return, to let us know what you wish to do with your pension benefits.

On leaving the LGPS, your options are dependent upon the membership you hold within the scheme.

If you have less than 3 months total membership (and all of the other conditions described under Option A apply to you), you can either:

- take a refund of your pension contributions. **(Option A)**
- or, transfer your benefits to another pension scheme or arrangement. **(Option B)**
- or, postpone your decision for the time being. **(Option C)**

If you have at least 3 months total membership, or have transferred in some service, or you are otherwise prevented from having a refund of pension contributions, you can either:

- leave your benefits in the LGPS until retirement age when the benefits will be paid to you. This is called a deferred benefit. **(Option D)**
- or, transfer your benefits to another pension scheme or arrangement. **(Option B)**

There is one other set of circumstances, which may apply to you, which does not depend on the length of your membership. If you have been employed in two or more jobs at the same time with the authority and leave one of these jobs, you have the option of combining this membership with one of your continuing jobs. **(Option E)**

More details about each of the options

Option A - Refund of Pension Contributions

A refund of the contributions you have paid may only be made if **all** of the following criteria apply:-

- You have less than 3 months total scheme membership;
- You have not had a 'transfer in' of previous pension rights;
- You have not returned to pensionable local government employment within one month and one day of leaving the scheme;
- You have not rejoined the scheme before the refund has been paid;
- You have not previously transferred any Local Government Pension Scheme benefits overseas;
- You have no other Local Government Pension Scheme benefits in England and Wales, whether deferred, paid as a pension, in active membership or as a pension credit member.

If you receive a refund, having failed to disclose other LGPS benefits, the payment of the refund will 'wipe out' your entitlement to those other benefits.

Current legislation requires pension schemes to make certain deductions from refunds of contributions in respect of payments that have to be made on your behalf:

- When you were a member of the LGPS, you were contracted out of the State Second Pension (S2P), formerly the State Earnings Related Pension Scheme (SERPS), and as a result paid National Insurance contributions at a lower rate. This means you were not building up any benefits in S2P. To re-establish your pension rights in S2P, a premium must be paid by both yourself and your former employer. Your share, known as the Certified Amount, is deducted from your refund.

- All refunds are subject to a deduction for tax at the rate of 20% of the remaining balance after the state scheme premium has been deducted, regardless of whether you are a taxpayer or not. The Fund has to pay the tax to HM Revenue & Customs. This liability is passed on to the member; it is not Income Tax and cannot be reclaimed.

Please note that only the contributions you paid as an employee are used in any refund calculation. The contributions your employer made at the same time are not refundable. Payment of a refund will extinguish all your rights within the Local Government Pension Scheme.

If you wish to claim a refund of your pension contributions, please indicate your decision on the Option Form (PEN 16) at the back of this booklet, and also complete the PEN 40 on the reverse. This form enables us to pay the refund directly into your bank account.

Option B - Transferring Out

If you leave before you are entitled to receive payment of your pension straight away or choose not to take a refund of your pension contributions, you may transfer your pension rights to another scheme. In order to arrange the transfer, you will need to let your new pension provider know that you have pension rights with the Nottinghamshire County Council Pension Fund. It is not compulsory to transfer your benefits to any new scheme and it may not always be in your best interests to do so. If you are unsure, you should seek independent financial advice.

Option C - Postponement of a Refund

If you are entitled to a refund of pension contributions, you may wish to delay your decision in order to retain your membership in the LGPS. The advantage of doing so is if you re-join the LGPS, this membership will then be automatically combined with your new

employment. You can delay your decision until you either re-join the LGPS, or join a new pension scheme enabling you to transfer your benefits, or want to take a refund of contributions.

Option D - Deferred Benefits

This means leaving your pension rights in the Nottinghamshire County Council Pension Fund until they either become payable or you decide to transfer them.

You have an entitlement to a deferred benefit if you have been a member of the LGPS for at least 3 months, or you have transferred previous pension rights into the LGPS, or you are otherwise prevented from having a refund of pension contributions.

If you are entitled and choose this option, you will be sent a statement of the value of your deferred pension benefits and the date from which you can expect

to receive them. You will also receive a statement every year to tell you how much your benefits have increased. It is essential therefore that you keep Notts LG Pensions Office informed of any changes to your name or address.

Option E - Combining your benefits within the LGPS

If you have been working in two or more jobs concurrently and leave one of them with an entitlement to deferred benefits, you will have the option of combining this membership with the continuing job(s).

For those with less than 3 months total membership, there is no entitlement to a refund and we will automatically combine those benefits unless informed otherwise.

Please now complete and return the attached form to indicate to us which option you have chosen. If you have opted for a refund of pension contributions, please also complete the BACS Payment Form (PEN 40) on the reverse so that payment can be made directly into your bank account.

If, however, you have any queries regarding the options available to you, please contact the Pensions Helpline on telephone number 0115 977 2727.

This short guide cannot cover every personal circumstance. In the event of any dispute over your pension benefits, the appropriate legislation will prevail. This short guide does not confer any contractual or statutory rights and is provided for information purposes only.

Nov 2012



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Local Government Pension Scheme Early Leaver Option Form

PEN 16

Your Details

Name:	<input type="text"/>	Employer:	<input type="text"/>
NI Number:	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="text"/>	Date of Birth:	<input type="text"/>
Current address:	<input type="text"/>		

Please complete and sign **ONE** of the options below

Option A - Refund of Pension Contributions

I would like to claim a refund of my pension contributions (less statutory deductions) and have completed the enclosed BACS Payment Form (PEN 40). I declare that:-

- I have less than 3 months total scheme membership; **and**
- I have not previously had a 'transfer in' of previous pension benefits; **and**
- I have not previously transferred any LGPS benefits overseas; **and**
- I have no other LGPS benefits in England and Wales whether as a frozen refund, a deferred benefit, paid as a pension or in active membership (except for a concurrent active employment); **and**
- I have not re-joined pensionable local government employment within one month and one day of leaving the scheme; **and**
- I have not re-joined the scheme before the refund has been paid.

Please Note: failure to declare any other LGPS benefits to claim a refund will result in all LGPS benefits becoming void.

Signed: Date:

Option B - Transferring Out

I am considering a transfer of my pension rights to:

I have asked my new pension provider / employer to obtain all relevant information from the Nottinghamshire Local Government Pension Fund and I authorise you to release this.

Signed: Date:

Option C - Postponement of a Refund

Please retain my contributions in the pension scheme until further notice. I am aware that if I rejoin the LGPS before claiming a refund, that my benefits will be automatically combined and my rights to a refund extinguished.

Signed: Date:

Option D - Deferred Benefits

I would like to receive details of my deferred pension benefits to which I am entitled.

Signed: Date:

Option E - Combining Benefits

I have another continuing employment within the Nottinghamshire County Council Pension Fund and would like to combine my benefits.

Signed: Date:

Only to be completed when claiming a refund of pension contributions.

BACS Payment Form for claiming a refund of pension contributions

PEN 40

This form is to enable Notts LG Pensions Office to pay a refund of pension contributions directly into a bank or building society account.

Please enter your Name, Address, Bank or Building Society details clearly and accurately. Ideally enclose proof of account details such as a blank paying in slip. Ensure that you have signed and dated the form.

Full name and address of applicant:

(in block capitals)

Email address (if available):

(This will be used to send you confirmation of your payment)

Bank Details

Name and address of Bank:

Title of Account if different from your surname above:

Sort Code: - - Account Number:

Building Society Details

Name and address of Building Society:

Title of Account if different from your surname above:

Building Society's Clearing bank details (these details must be obtained from your branch manager)

Sort Code: - - Account Number:

Roll Number:

IMPORTANT: Signed:

Date: