# LGPEN 19

# Retirement Guide

for you, for now, for the future

lgps 2014

**The Nottinghamshire
Local Government Pension Fund**

administered by

**Nottinghamshire
County Council**

# Contents

# Your Local Government Pension Scheme (LGPS) Retirement Benefits

Pension terms are explained at the back of this booklet.

**IMPORTANT**

To be entitled to retirement benefits, you must have met the 2 years vesting period.

You can choose to retire and draw your pension from age 55. Your pension is normally reduced if it is paid before your Normal Pension Age.

If you are aged 55 or over, benefits are payable immediately if you are made redundant or retired on the grounds of business efficiency.

Benefits may be payable on health grounds at any age if your employer, based on an opinion from an independent occupational health physician appointed by them, is 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.

Flexible retirement may be available from age 55 if you reduce your hours or move to a less senior position. However, you would require your employer's consent.

Your employer will have procedures in place as to how they deal with the above applications. If you would like details of your employer's policies, please contact your employer directly.

## Introduction

You will receive a guaranteed package of benefits when you retire.

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

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 draw your pension benefits.

## How is my pension worked out?

For membership you build up after 31 March 2014, your LGPS annual pension is worked out as follows:

Every year you will build up a pension at a rate of 1/49th of the amount of pensionable pay (and any assumed pensionable pay) you received in that scheme year if you are in the main section of the scheme (or half this rate of build up for any period you have elected to be in the 50/50 section of the scheme). If during the scheme year you had been on leave on reduced contractual pay or no pay due to sickness or injury, or had been on relevant child related leave or reserve forces service leave then, for the period of that leave, your pension is based on your assumed pensionable pay. The amount of pension built up during the scheme year is then added to your pension account and revalued at the end of each scheme year so your pension keeps up with the cost of living.

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 page 4.

**How is my pension worked out - an example**

Let's look at the buildup in a member's pension account for 5 years in the scheme.

Let's assume that the member joins the scheme on 1 April 2014, that their pensionable pay is £24,500 in scheme year 1 and their pensionable pay increases by 1% each year. The cost of living (revaluation adjustment) for the end of the scheme year ending on 31 March 2015 is 1.2% and let's assume that the cost of living (revaluation adjustment) for the following 4 years is 2% each year.

| Scheme Year | Opening Balance | Pension Build up in Scheme year<br>Pay / Build up rate = Pension | Total Account 31 March | Cost of living Revaluation adjustment | Update Total Account |
|---|---|---|---|---|---|
| **1**<br>2014/15 | £0.00 | £24,500/49<br>= **£500.00** | £500.00 | 1.2% = £6.00 | £500.00 +<br>£6.00 =<br>**£506.00** |
| **2**<br>2015/16 | £506.00 | £24,745/49<br>= **£505.00** | £1,011.00 | 2% = £20.22 | £1,011.00 +<br>£20.22 =<br>**£1,031.22** |
| **3**<br>2016/17 | £1,031.22 | £24,992.45/49<br>= **£510.05** | £1,541.27 | 2% = £30.82 | £1,541.27 +<br>£30.82 =<br>**£1,572.09** |
| **4**<br>2017/18 | £1,572.09 | £25,242.37/49<br>= **£515.15** | £2,087.24 | 2% = £41.74 | £2,087.24 +<br>£41.74 =<br>**£2,128.98** |
| **5**<br>2018/19 | £2,128.98 | £25,494.79/49<br>= **£520.30** | £2,649.28 | 2% = £52.99 | £2,649.28 +<br>£52.99 =<br>**£2,702.27** |

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.

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 prior to 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.

If you were a member of the LGPS before 1 April 2012 and were nearing retirement at that time you will have additional protection to ensure that the value of the pension you could have built 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 accrue pension at the rate of 1/60th of your final pay for each year of membership.

### If you joined the LGPS before 1 April 2014

All benefits built up in the LGPS for membership after 31 March 2014 are worked out under the rules of the career average scheme.

However, if you joined the scheme before 1 April 2014 you will also have built up benefits in the final salary scheme.

Your benefits in the LGPS built up before 1 April 2014 are based on your membership in the scheme up to 31 March 2014 and your final pay when you leave the scheme although the benefits based on membership to

[1] Provided the lump sum does not exceed £257,500 (2018/19 figure) less the value of any other pension rights you have in payment.

31 March 2008 are calculated slightly differently from benefits based on membership between 1 April 2008 and 31 March 2014.

For membership built up to 31 March 2008, you receive a pension of 1/80th of your final pay plus an automatic tax-free lump sum of 3 times your pension.

For membership built up from 1 April 2008 to 31 March 2014, you receive a pension of 1/60th of your final pay. There is no automatic lump sum for membership built up after March 2008, but you do have the option to exchange some of your pension for a tax-free lump sum.

For membership built up from 1 April 2014, every year you will build up a pension at a rate of 1/49th of the amount of pensionable pay you received in that scheme year if you are in the main section of the scheme (or half this rate of build up for any period you have elected to be in the 50/50 section of the scheme). This pension is then added to your pension account and revalued at the end of each scheme year so your pension keeps up with the cost of living.

Here is an example of how benefits are worked out if you have membership from before 31 March 2008 onwards.

Let's look at someone who has:
8 years membership up to 31 March 2008
6 years membership from 1 April 2008 to 31 March 2014
4 years membership from 1 April 2014 until they retire at age 65
The final year's pay for benefits in the final salary scheme is £26,500.

**Benefits based on their 8 years membership up to 31 March 2008**

Their **annual pension** is: 8/80ths x £26,500 = **£2,650**

Plus an **automatic tax-free lump sum**: 3 x 8/80ths x £26,500 = **£7,950**

**Benefits based on their 6 years membership from 1 April 2008 to 31 March 2014**

Their **annual pension** is: 6/60ths x £26,500 = **£2,650**

**Benefits based on their 4 years membership from 1 April 2014 (in main section throughout)**

| Year | Opening Balance | Pension built up in a year | Total Account 31 March | Cost of living adjustment | Updated Total Account |
|---|---|---|---|---|---|
| 1 | £0.00 | £25,200/ 49 = **£514.29** | £514.29 | £6.17 (1.2%) | £520.46 |
| 2 | £520.46 | £25,700/ 49 = **£524.49** | £1,044.95 | £10.45 (1%) | £1,055.40 |
| 3 | £1,055.40 | £26,000/ 49 = **£530.61** | £1,586.01 | £7.93 (0.5%) | £1,593.94 |
| 4 | £1,593.94 | £26,500/ 49 = **£540.82** | £2,134.76 | £42.70 (2%) | **£2,177.46** |

To give total benefits of:

An **annual pension** £2,650 plus £2,650 plus £2,177.46 = **£7,477.46**

Plus an **automatic tax-free lump sum** = £7,950.00

But remember that you can choose to exchange some of your pension for extra tax-free lump sum. You can take up to 25% of the capital value of your LGPS benefits as a lump sum[2]. For every £1 of annual pension that you give up you will receive an extra £12 lump sum.

If you transferred previous non-LGPS pension rights, or pension rights from the LGPS in Scotland or Northern Ireland, into your current membership, then the revalued amount of the pension benefits bought by the transfer will be added to the retirement benefits as calculated above.

### What counts towards membership in the scheme before 1 April 2014?

Your benefits in the LGPS built up before 1 April 2014 are based on your membership built up in the scheme before this date and your final pay when you leave the scheme.

[2] Limited to £257,500 (2018/19 figure) less the value of any other pension rights you have in payment.

Membership built up before 1 April 2014 normally includes:

- How long you have been a member of the LGPS before 1 April 2014 worked out in years and days, but excluding:
  - pre 1 April 2014 membership for which you already receive an LGPS pension or hold an LGPS deferred pension
  - pre 1 April 2014 membership from any concurrent job you may have, and
  - any LGPS membership in respect of which you have received a refund or have transferred the pension rights to another scheme.
- Membership purchased by a transfer from another scheme where the relevant date for the transfer was before 1 April 2014.
- Any extra membership you have bought with additional contributions or by converting in-house Additional Voluntary Contributions (AVCs) into membership.
- Any extra membership awarded by your employer before 1 April 2014.

The membership used to calculate your benefits could be different from your actual calendar length membership of the LGPS before 1 April 2014. For example:

If you worked part-time before 1 April 2014, your membership is reduced to its whole-time equivalent length to calculate the amount of your retirement benefits. For example, if you worked half-time for 10 years, your benefits would be calculated on 5 years membership.

If your hours changed during your membership of the scheme before 1 April 2014, your benefits will be calculated to reflect the changes.

If you did not have any contractual hours, your membership for each year in the LGPS before 1 April 2014 will be calculated on average weekly hours worked during each year.

If you have transferred membership from the LGPS in Scotland or Northern Ireland, it may not count at its actual calendar length.

**What counts towards final pay to work out my benefits in the LGPS before 1 April 2014?**

Whilst the scheme changed on 1 April 2014, protection is in place to ensure that, when you leave, your final pay is used to work out your pension for the membership you built up to 31 March 2014.

The definition of final pay for benefits built up before 1 April 2014 remains the same as before the scheme changed from a final salary to a career average scheme on 1 April 2014 .

Final pay is usually the pay in respect of (i.e. due for) the final year[3] of scheme membership on which you paid contributions, or one of the previous 2 years if this is higher, and includes your:

- normal pay
- contractual shift allowance
- bonus
- contractual overtime
- Maternity Pay, Paternity Pay, Adoption Pay, and
- any other taxable benefit specified in your contract as being pensionable.

This may not include all your pay. It does not include non-contractual overtime, travelling or subsistence allowances, pay in lieu of notice or pay in lieu of loss of holidays, any payment as an inducement not to leave before the payment is made, any award of compensation (other than payment representing arrears of pay) made for the purpose of achieving equal pay, nor (apart from some historical cases) the monetary value of a car or pay received in lieu of a car.

If you receive pay after 31 March 2014 which relates to work carried out before 1 April 2014, this will be allocated to the pre 1 April 2014 period for which it was due. If you cease membership of the scheme within 12 months of when the payment was due, it will be included in the final pay figure used to calculate benefits on your pre 1 April 2014 membership of the scheme. In either case it will not count towards the pensionable pay used to work out your pension from 1 April 2014 in the career average scheme.

If you are working part-time when you leave the LGPS, or worked part-time at some point during your last year of membership, your final pay is the whole-time pay that you would have received, if you had worked whole-time.

If your pay is reduced in this period because of sickness, your final pay will be the pay that you would have received if you had not been off sick.

---

[3] Grossed up to a full year's pay if you did not receive pay for a full year.

If you have maternity, paternity, adoption or shared parental leave in this period for which you paid (or are deemed to have paid) pension contributions, final pay includes the pay you would have received had you not been on maternity, paternity, adoption or shared parental leave.

If your pay is reduced or increases to your pay are restricted in your last 10 years of continuous employment with your employer because you downgrade or move to a job with less responsibility, or as a result of a job evaluation / equal pay exercise, or because of a change to what is specified as pensionable pay in your contract (using the definition of pensionable pay before 1 April 2014), or is restricted for some other reason, you may have the option to have your final pay calculated as the average of any 3 consecutive years' pay in the last 13 years (ending on a 31 March). Such an option must be made to Notts LG Pensions Office no later than one month before leaving. You cannot make use of this option to use earlier years' pay in working out your benefits if the reduction or restriction to your pay was as a result of the loss of a temporary increase in pay, or resulted from a reduction in your grade in order to take retirement benefits on flexible retirement.

# What options do I have on retirement?

### Taking a lump sum

As mentioned earlier, when you draw 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 Notts LG Pensions Office well in advance of your intended retirement date so we 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.

# What if I am paying extra?

### If you are buying extra LGPS pension by paying Additional Pension Contributions (APCs)

When you draw your pension, this will include the extra pension that you have paid for.

However, if you are paying APCs or SCAPCs 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 draw 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 draw your benefits on flexible retirement, you can, if you wish, draw 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 draw your benefits) although you will be able to take out a new APC contract (provided you are at least one year before 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 draw your pension after your Normal Pension Age, the amount of any extra pension you have bought will be increased as its 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 draw 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 draw 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 draw your benefits on flexible retirement, you can, if you wish, draw all the extra pension you have paid for, although it will be reduced for early payment. If you choose to draw the extra pension on flexible retirement, your ARCs contract will cease (if you are still paying these extra contributions when you draw 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. 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.

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 draw your benefits on taking 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 draw 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 draw 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.

**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 two days 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.

There are a number of different ways you can use your in-house AVC fund. Before making a decision you should read the Risk Warnings information in our form LGPEN108.

- **Buy an Annuity**
  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 draw 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 is able to 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 draw 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 dependants' benefits and is based on set purchase factors which do not tend to change.

- **Take your AVCs as cash**

  You can take some or all of your AVC fund as a tax-free cash lump sum[5] but you can only take it all as a lump sum if you draw 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 AVC fund into extra LGPS membership in order to increase your LGPS benefits.

- **Transfer your AVC fund to another pension scheme or arrangement**
  You can transfer your AVC fund to another pension scheme or arrangement.

If you draw 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 draw 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 of your AVC fund in one of the above ways at the time you draw your flexible retirement benefits.

# Retirement benefits

### When can I retire and draw 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 draw your pension from the LGPS at any time from age 55 to 75, provided you have met the 2 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 draw 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 can, provided you have met the 2 years vesting period in the scheme, provide you with an immediate retirement pension, which may even be enhanced.

If you voluntarily choose to retire before, on or after your Normal Pension Age you can defer drawing your benefits but you must draw them before age 75. If you draw 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, so this section looks at the different ways of retiring, and the implications.

### Voluntary Retirement

You can voluntarily retire and draw retirement benefits at any age on or after age 55 and before age 75, provided you have met the 2 years vesting period in the scheme.

### Voluntary retirement at Normal Pension Age

You can voluntarily retire and draw 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.

---

[5] Provided, when added to your LGPS lump sum it does not exceed £257,500 (2018/19 figure) less the value of any other pension rights you have in payment.

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 suffering 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.

**Retirement before your Normal Pension Age**

You can choose to retire and draw your pension from age 55. You do not need your employer's consent to draw 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 on 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 of your benefits.

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 my pension worked out? and are then reduced. How much your benefits are reduced by depends on how early you draw 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 – i.e. 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, issued in April 2014, 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.

| No. of years paid early | Pensions reduction Men | Pensions reduction Women | Lump Sum (for membership to 31 March 2008) |
|---|---|---|---|
| 0 | 0% | 0% | 0% |
| 1 | 5.1% | 5.1% | 2.3% |
| 2 | 9.9% | 9.9% | 4.6% |
| 3 | 14.3% | 14.3% | 6.9% |
| 4 | 18.4% | 18.4% | 9.1% |
| 5 | 22.2% | 22.2% | 11.2% |
| 6 | 25.7% | 25.7% | 13.3% |
| 7 | 29.0% | 29.0% | 15.3% |
| 8 | 32.1% | 32.1% | 17.3% |
| 9 | 35.0% | 35.0% | 19.2% |
| 10 | 37.7% | 37.7% | 21.1% |
| 11 | 41.6% | 41.6% | 21.1% |
| 12 | 44.0% | 44.0% | 21.1% |
| 13 | 46.3% | 46.3% | 21.1% |

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 retirement i.e. by delaying payment until a later date. If you decide not to draw immediate benefits, the benefits would normally become payable at your Normal Pension Age but you can defer payment beyond that age, although benefits must be paid by age 75.

If you were a member of the LGPS on 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.

If you have 85 year rule protection this continues to apply from 1 April 2014. The only occasion where this protection does not automatically apply is if you choose to voluntarily draw your pension on or after age 55 and before age 60.

The 85 year rule is satisfied if your age at the date you draw your benefits and your scheme membership (each in whole years) add up to 85 or more.

If you work part-time, your membership counts towards the rule of 85 at its full calendar length.

Not all membership may count towards working out whether you meet the 85 year rule.

Working out how you are affected by the 85 year rule can be quite complex, but this should help you work out your general position.

- If you would not satisfy the 85 year rule by the time you are 65, then all your benefits are reduced if you choose to draw your pension before your Normal Pension Age. The reduction will be based on how many years before your Normal Pension Age (protected Normal Pension Age for pension built up before 1 April 2014 and new Normal Pension Age (linked to State Pension Age) for pension built up from 1 April 2014) you draw your benefits.
- If you will be age 60 or over by 31 March 2016 and choose to draw your pension before your Normal Pension Age, then, provided you satisfy the 85 year rule when you start to draw your pension, the benefits you build up to 31 March 2016 will not be reduced.
- If you will be under age 60 by 31 March 2016 and choose to draw your pension before your protected Normal Pension Age, then, provided you satisfy the 85 year rule when you start to draw your pension, the benefits you've built up to 31 March 2008 will not be reduced. Also, if you will be aged 60 between 1 April 2016 and 31 March 2020 and meet the 85 year rule by 31 March 2020, some or all of the benefits you build up between 1 April 2008 and 31 March 2020 will not have a full reduction.

If you take flexible retirement, any 85 year rule protection will apply to the benefits you've built up to the date of flexible retirement but will not apply to benefits you build up after the date of flexible retirement.

If you choose to voluntarily draw your pension on or after age 55 and before age 60 and you have rule of 85 protections, these will not automatically apply. Your employer can choose to allow the rule of 85 to apply. This is a discretion and you can ask your employer what their policy is on this matter.

If you choose to voluntarily draw your pension on or after age 55 and before age 60 and your employer does not choose to allow the rule of 85 to apply, your benefits are reduced.

Please note that the rules governing whether you have protection under the 85 year rule from a reduction to your benefits if you choose to draw them before 65, and the level of that protection, are quite complex. If you are thinking of voluntarily retiring or asking for flexible retirement before your Normal Pension Age, you should contact your employer to arrange for a quotation of the benefits payable.

If you are thinking of asking for flexible retirement you should firstly contact your employer to check what their policy is for this type of retirement.

Your employer can agree not to make any reduction. You can ask them what their policy on this is.

**Retirement 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 drawing it. You must draw your pension by no later than age 75.

To take account of the fact that you will be drawing your pension after your Normal Pension Age your benefits will be paid at an increased rate, with your pension being increased by 0.010% for each day your benefits are drawn later than your Normal Pension Age.

**Early Retirement through Redundancy or Business Efficiency**

If you are aged 55 or over, your main 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 2 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 section If you Joined the LGPS Before 1 April 2014. Also, if you have bought additional pension by Additional Regular Contributions, that additional pension 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**

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 2 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 account of 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.

However, if you have previously received a Tier 1 ill-health pension from the LGPS, or were awarded an 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.

Where 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.

### Flexible 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 2 years vesting period in the scheme and your employer agrees, you can draw some or all of the pension benefits you have built up, helping you ease into retirement. Your employer will have a policy on flexible retirement. You can ask your employer for details of their policy.

If your employer agrees to flexible retirement you can still draw 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.

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

- 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 (should you choose to draw these).

If you take flexible retirement before your Normal Pension Age your benefits will normally be reduced for early payment.

If you were a member of the LGPS on 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.

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 take flexible retirement after your Normal Pension Age your benefits will be increased to reflect late payment.

# More about your LGPS retirement benefits

**HM Revenue and Custom tax controls**

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

**Annual allowance**

This is the amount by which the value of your pension benefits may increase in any one year without you having to pay a tax charge. Years run from 6 April to 5 April and is called the pension input period.

The standard annual allowance for 2018/2019 is £40,000. However, a three year carry forward rule allows you to carry forward unused annual allowance from the last three tax years.

**Lifetime Allowance**

The lifetime allowance is the total value of all pension benefits you can have without triggering an excess benefits tax charge. If the value of your pension benefits when you draw them (not including any state retirement pension, state pension credit or any spouse's, civil partner's, eligible cohabiting partner or dependant's pension you may be entitled to) is more than the lifetime allowance, or more than any protections you may have (see the LGPEN 20 Full Guide for explanation), you will have to pay tax on the excess benefits. The lifetime allowance covers any pension benefits you may have in all tax-registered pension arrangements – not just the LGPS.

The lifetime allowance for 2018/19 was £1.03 million and reduces to £1.055 million for 2019/20.

When any LGPS benefit, or any other pension arrangement you may have, is put into payment you use up some of your lifetime allowance – so even if your pensions are small and will not be more than the lifetime allowance you should keep a record of any pensions you receive.

If your LGPS benefits are more than your lifetime allowance, you will have to pay tax on the excess. If excess benefits are paid as a pension the charge will be 25%, with income tax deducted on the ongoing pension payments; if the excess benefits are taken as a lump sum they will be taxed once only at 55%.

Further information on the annual allowance and the lifetime allowance can be found in the LGPEN 20 Full Guide to the Scheme available on our website or by contacting Notts LG Pensions Office.  Notts LG Pensions Office will let you know the value of your LGPS benefits on retirement and ask you about any other pensions you may have in payment, so they can work out whether or not to deduct a recovery tax charge. If you do not provide this information promptly it could delay the payment of your pension.

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

**How the 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. As 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) / 65 (men) or at the date of your retirement if later, your LGPS pension for membership prior to 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 draw your pension immediately, the GMP element (if any) of your pension must be paid from age 60 (women) / 65 (men), unless you are still in some employment at that time and consent to the postponement of the payment of your GMP.

**Pension Sharing Order / Earmarking Order**

If your LGPS benefits are subject to a Pension Sharing Order or Earmarking Order issued by the Court following divorce or dissolution of a civil partnership, or are subject to a qualifying agreement in Scotland, your benefits will be reduced in accordance with the Court Order or agreement.

**What if I get another job after I retire?**

In most circumstances pensions are not reduced. However, there are exceptions. Contact Notts LG Pensions Office for further guidance. If you get a job outside of local government with an employer that does not participate in the LGPS, your LGPS pension will not normally be affected. However, if you were awarded an ill health pension of the type that is stopped if you are in gainful employment, your pension may be affected if you get a job (whether in local government or elsewhere) and, in all circumstances you must inform the employer who awarded you that pension.

## Freedom & Choice

Changes to legislation made under Freedom & Choice provide alternatives for members of the LGPS.

If you are at least a year away from your Normal Pension Age and are not retiring on the grounds of redundancy, efficiency or ill health, you have the right to transfer your pension rights (including AVCs) to another scheme.

If you have other benefits within the LGPS, there are some restrictions limiting whether benefits may be transferred to a new scheme.  We will let you know if any of these apply in your circumstance.

If you are transferring to an arrangement which is termed as offering ‘flexible benefits’ (i.e. those benefits which are part of a defined contribution scheme which are flexible) then you are advised to take appropriate independent financial advice before transferring.  This is a legal requirement if the cash equivalent transfer value of all your benefits in the LGPS (excluding any Additional Voluntary Contributions (AVCs)) is more than £30,000.  You would have to pay for this advice yourself. It is recommended you always seek independent advice before making such important decisions.

To help you understand your retirement choices from schemes offering the new flexibilities, the government has introduced a free and impartial service called Pension Wise (www.pensionwise.gov.uk).  Useful information can also be found on The Pensions Advisory Service website (www.pensionsadvisoryservice.org.uk).

## Payment of your Retirement Benefits

**Payment of your pension**

Your pension is paid monthly on the last banking day of each month. It is paid directly into your bank or building society account by BACS (bank automated clearing system). When your pension starts, Payroll Services (Pensions) will send you pay slips for the first three months. After that, a pay slip will be sent to you in March, April, May and June of each year, and additional payslips will be issued where there is a monthly variation in the net pension of £5 or more. If you need a payslip for another month, contact Payroll Services (Pensions) and they can arrange for a payslip to be sent to you.

Please note that new payments may not be directed to foreign currency bank accounts nor post office accounts.

**Payment of your lump sum**

Any lump sum due to you will be paid into the Bank or Building Society account stated on your pension application form.

We will aim to calculate and pay retirement benefits within one month of your retirement date, subject to receiving all the required paperwork from you and your employer.

**Change of address**

Any change of address should be notified immediately, either in writing or by telephone, to Notts LG Pensions Office to ensure the continuation of your pension. However, if a lasting power of attorney is in place, documentation in support of the individual’s address change should be included with your written notification. You must also notify HM Revenue & Customs (HMRC) - telephone number 0300 200 3300 - of an address change.

**Change of bank account details**

If you change your bank/building society account, you will need to inform Payroll Services (Pensions) so that they can continue to pay your monthly pension to you. For security reasons this information cannot be taken over the telephone or by e-mail, as your signature is required. Remember to quote your pay number and sign any notification. Make sure that the sort code and bank account details are correct before sending them to Payroll Services (Pensions). Ask your bank to check the details if you are unsure.

Payroll Services (Pensions) can be contacted on telephone number 0115 977 2727 (option 3 followed by option 2).

Please note that new payments may not be directed to foreign currency bank accounts nor post office accounts.

# Income Tax

**What counts as Income?**

How much tax (if any) you will pay on your pension income depends on the overall amount of taxable income you have.

Your taxable income may include:

- the State Pension
- income from a retirement annuity, personal, stakeholder and/or company pension
- any taxable State Benefits you may qualify for
- savings or investments
- income from a job if you work.

If your taxable income is greater than your tax allowances, you will pay tax on some or all of your pension income in line with current Income Tax rates. If your taxable income is equal to or less than your allowances, you won't pay any tax on your pension income.

Any Income Tax due is deducted via PAYE.

HMRC can be contacted:

- By phone: 0300 200 3300
- In writing: HM Revenue & Customs<br>Notts & Derbyshire Area<br>Howard House, Castle Meadow Road<br>Nottingham NG2 1AB
- Tax reference number: 507/504800

If you have any questions about your tax, you should contact HMRC, quoting the above reference number and your National Insurance number, as this helps them to find your record.

Tax code changes are notified to Payroll Services (Pensions) by HMRC. Payroll Services (Pensions) cannot change your tax code without authorisation from HMRC. If you receive a notification that your code has been amended, there is no need for you to pass on this information to the Payroll Services (Pensions) as HMRC will tell them directly.

If you receive a new code for the new financial year, then please check that the correct code has been applied on your April payslip.

**Contacting Payroll Services (Pensions)**

Payroll Services (Pensions) can be contacted on telephone number 0115 977 2727 (option 3 followed by option 2) or by email bmspensionpayroll.queries@nottscc.gov.uk. Please always have your National Insurance Number or pension payroll number (if known) to hand before calling.

# Protection for your Family

**What benefits will be paid if I die after retiring on pension?**

If you die after retiring on pension, your benefits will no longer be payable. Your spouse, civil partner, eligible cohabiting partner, next-of-kin or person dealing with your Estate must immediately inform the Pensions Helpline (0115 977 2727 option 3 followed by option 1) of your date of death as otherwise an overpayment could occur. It would be useful for them to have your National Insurance Number, payroll number or date of birth to hand when calling.

The following benefits may then be payable on your death:

**A lump sum death grant**

A lump sum death grant will be paid if you die and less than 10 years pension has been paid and you are under age 75 at the date of death. The amount payable would be:

- 10 times the level of your annual pension in respect of your membership of the scheme after 31 March 2014 (prior to giving up any pension for a tax free cash lump sum), less any pension already paid to you in respect of your post 31 March 2014 membership and the amount of any tax-free cash lump sum you chose to take by giving up some of the pension you built up after 31 March 2014 when you drew your pension at retirement.

- 10 times the level of your annual pension in respect of your membership of the scheme before 1 April 2014 (after giving up any pension for a tax free cash lump sum), less any pension already paid to you in respect of your pre 1 April 2014 membership.

However, if you are drawing a pension and are also an active member of the pension scheme and die in service, a death in service lump sum death grant of:

- the amount as calculated above, or, if higher,
- three times your assumed pensionable pay will be payable.

**Who is the lump sum death grant paid to?**

Your administering authority has absolute discretion over who receives any lump sum death grant; they can pay it to your nominee or personal representatives or to any person who appears, at any time, to have been your relative or dependant. The LGPS, however, allows you to express your wish as to who you would like any death grant to be paid to by completing and returning a Death Grant Nomination Form. If you have not already made your wishes known, or you wish to update / change a previous expression of wish, this form can be found in your Pension Application Form. Remember to complete a new form if your wishes change. If any part of the death grant has not been paid within two years, it must be paid to your personal representatives, i.e. to your Estate.

If you have paid AVCs and a lump sum is to be paid from the your AVC fund, your administering authority has absolute discretion over who to pay that sum to, provided the AVC contract was taken out on or after 1 April 2014. If the AVC contract was taken out before then, your administering authority must pay any AVC lump sum to your estate.

**A survivor's pension**

A pension will be paid to your spouse, registered civil partner or, subject to certain qualifying conditions, your eligible cohabiting partner. This pension is payable immediately after your death for the rest of their life and will increase every year in line with the cost of living.

- For your spouse:

  For membership built up from 1 April 2014 the pension payable is equal to 1/160th of the pensionable pay (or assumed pensionable pay where applicable) upon which your pension was calculated times the period of your membership in the scheme after 31 March 2014 (including any enhancement given if retirement had been on ill health grounds), plus 49/160ths of the amount of any pension credited to your pension account following a transfer of pension rights into the scheme from another pension scheme or arrangement.

  For final salary membership built up before 1 April 2014 the pension payable is equal to 1/160th of your final pay times the period of your membership in the scheme up to 31 March 2014 upon which your pension is based, unless you marry after retiring in which case it could be less.

- For your civil partner:

  For membership built up from 1 April 2014 the pension payable is equal to 1/160th of the pensionable pay (or assumed pensionable pay where applicable) upon which your pension was calculated times the period of your membership in the scheme after 31 March 2014 (including any enhancement given if retirement had been on ill health grounds), plus 49/160ths of the amount of any pension credited to your pension account following a transfer of pension rights into the scheme from another pension scheme or arrangement.

  For final salary membership built up before 1 April 2014 the pension payable is equal to 1/160th of your final pay times the period of your membership in the scheme up to 31 March 2014 (including any additional membership purchased by you) upon which your pension is based unless you enter into a civil partnership after leaving in which case your civil partner's pension would be based on your membership after 5 April 1988 (or on all of your membership if you became a pensioner before 1 April 2014 and made an election before 1 April 2015 for pre 6 April 1988 membership to also count).

- For your eligible cohabiting partner:

  For membership built up from 1 April 2014 the pension payable is equal to 1/160th of the pensionable pay (or assumed pensionable pay where applicable) upon which your pension was calculated times the period of your membership in the scheme after 31 March 2014 (including any enhancement given if retirement had been on ill health grounds), plus 49/160ths of the amount of any pension credited to your pension account following a transfer of pension rights into the scheme from another pension scheme or arrangement.

  For final salary membership built up before 1 April 2014, the pension payable is equal to 1/160th of your final pay times the period of your membership in the scheme after 5 April 1988 and up to 31 March 2014 (including any additional membership purchased by you), upon which your pension is based, plus any of your membership before 6 April 1988 for which, under an election made prior to 1 April 2014, you have paid additional contributions so that it counts towards an eligible cohabiting partner's pension.

**What conditions need to be met for an eligible cohabiting partner's survivor's pension to be payable?**

If you have a cohabiting partner, of either opposite or same sex, they will be entitled to receive a survivor's pension on your death if they meet the criteria to be considered to be an eligible cohabiting partner.

For an eligible cohabiting partner's survivor's pension to be payable, all of the following conditions must have applied for a continuous period of at least 2 years on the date of your death:

- you and your cohabiting partner are, and have been, free to marry each other or enter into a civil partnership with each other, and
- you and your cohabiting partner have been living together as if you were a married couple, or civil partners, and
- neither you nor your cohabiting partner have been living with someone else as if you/they were a married couple or civil partners, and
- either your cohabiting partner is, and has been, financially dependent on you or you are, and have been, financially interdependent on each other.

Your partner is financially dependent on you if you have the highest income. Financially interdependent means that you rely on your joint finances to support your standard of living. It doesn't mean that you need to be contributing equally. For example, if your partner's income is a lot more than yours, he or she may pay the mortgage and most of the bills, and you may pay for the weekly shopping.

On your death, a survivor's pension would be paid to your cohabiting partner if:

- all of the above criteria apply at the date of your death, and
- your cohabiting partner satisfies your administering authority that the above conditions had been met for a continuous period of at least 2 years immediately prior to your death.

You are not required to complete a form to nominate a cohabiting partner for entitlement to a cohabiting partner's pension. However, you can provide us with your cohabiting partner's details using form LGPEN 14. We will require evidence upon your death to check that the conditions for a cohabiting partner's pension are met.

**Children's pensions**

These are payable to eligible children and increase every year in line with the cost of living.

The amount of pension depends on the number of eligible children you have and whether any survivor pension is being paid to your spouse, civil partner or eligible cohabiting partner.

# Some Terms We Use

### Assumed Pensionable Pay

This provides a notional pensionable pay figure to ensure your pension is not affected by any reduction in pensionable pay due to a period of sickness or injury on reduced contractual pay or no pay, or relevant child related leave or reserve forces service leave.

The assumed pensionable pay is calculated as the average of the pensionable pay you received for the 12 weeks (or 3 months if monthly paid) before the pay period in which you went on to reduced pay or no pay because of sickness or injury or before you started a period of relevant child related leave or reserve forces service leave. In calculating the average, any reduction due to authorised leave of absence or due to a trade dispute is ignored. The figure is then grossed up to an annual figure and divided by the period of time you were on the reduced pay or no pay.

### Civil Partnership

A Civil Partnership is a relationship between two people of the same sex (civil partners) which is formed when they register as civil partners of each other.

### Discretion

This is the power given by the LGPS to enable your employer or your administering authority to choose how they will apply the scheme in respect of certain provisions. Under the LGPS your employer or your administering authority are obliged to consider how to exercise their discretion and, in respect of some (but not all) of these discretionary provisions, to have a written policy on how they will apply their discretion. They have a responsibility to act with 'prudence and propriety' in formulating their policies and must keep them under review. You may ask your employer or your administering authority what their policy is in relation to a discretion. Your administering authority is Nottinghamshire County Council.

### Eligible children

Eligible children are your children. They must, at the date of your death:

- be your natural child (who must be born within 12 months of your death), or
- be your adopted child, or
- be your step-child or a child accepted by you as being a member of your family (this doesn't include a child you sponsor for charity) and be dependent on you.

Eligible children must meet the following conditions:

- be under age 18, or
- be aged 18 or over and under 23 and in full-time education or vocational training (although your administering authority can continue to treat the child as an eligible child notwithstanding a break in full-time education or vocational training), or
- be unable to engage in gainful employment because of physical or mental impairment and either:
  - o has not reached the age of 23, or
  - o the impairment is, in the opinion of an independent registered medical practitioner, likely to be permanent and the child was dependent on you at the date of your death because of that mental or physical impairment.

### Employer

Where reference is made to employer, for those employed by Nottinghamshire County Council, the term may be substituted by employing department. In general, your Human Resources (HR) department should have access to the information you require.

### Final pay

This is usually the pay in respect of (i.e. due for) your final year of scheme membership on which you paid contributions, or one of the previous 2 years if this is higher, and includes your normal pay, contractual shift allowance, bonus, contractual overtime (but not non-contractual overtime), Maternity Pay, Paternity Pay, Adoption Pay, and any other taxable benefit specified in your contract as being pensionable.

If you were part-time for all or part of the final year the whole-time pay that you would have received if you had worked whole-time is used and if your pay in your final year was reduced because of sickness or relevant child related leave, final pay is the pay you would have received had you not been on sick leave or relevant child related leave.

### Guaranteed Minimum Pension (GMP)

The LGPS guarantees to pay you a pension that is at least as high as you would have earned had you not been contracted out of the State Earning Related Pension Scheme (SERPS) at any time between 6 April 1978 and 5 April 1997. This is called the Guaranteed Minimum Pension (GMP).

### Normal Pension Age

Normal Pension Age is linked to your State Pension Age for benefits built up from April 2014 (but with a minimum of age 65) and 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.

If you were paying into the LGPS before 1 April 2014 your final salary benefits retain their protected Normal Pension Age - which for most is age 65. However all pension benefits drawn on normal retirement must be taken at the same date i.e. you cannot separately draw your final salary benefits (built up before April 2014) at age 65 and your benefits in your pension account (built up from April 2014) at your Normal Pension Age (which for your benefits built up from April 2014 is linked to your State Pension Age but with a minimum of age 65).

### Pension Account

Each scheme year the amount of pension you have built up during the year is worked out and this amount is added into your active pension account. Adjustments may be made to your account during the scheme year to take account of any transfer of pension rights into the account during the year, any additional pension you may have decided to purchase during the year or which is granted to you by your employer, any reduction due to a Pension Sharing Order or qualifying agreement in Scotland (following a divorce or dissolution of a civil partnership) and any reduction due to an Annual Allowance tax charge that you have asked the scheme to pay on your behalf. Your account is then revalued to take account of the cost of living. This adjustment is carried out in line with the Treasury Revaluation Order index which, currently, is the rate of the Consumer Prices Index (CPI).

You will have a separate pension account for each employment. That pension account will hold the entire pension built-up for that employment.

**Pensionable Pay**

The pay on which you normally pay contributions is your normal salary or wages plus any shift allowance, bonuses, overtime (both contractual and non-contractual), Maternity Pay, Paternity Pay, Adoption Pay and any other taxable benefit specified in your contract as being pensionable.

You do not pay contributions on any travelling or subsistence allowances, pay in lieu of notice, pay in lieu of loss of holidays, any payment as an inducement not to leave before the payment is made, any award of compensation (other than payment representing arrears of pay) made for the purpose of achieving equal pay, pay relating to loss of future pensionable payments or benefits, any pay paid by your employer if you go on reserve forces service leave nor (apart from some historical cases) the monetary value of a car or pay received in lieu of a car.

**Scheme Year**

The scheme year runs from 1 April to 31 March each year.

**Vesting Period**

The vesting period in the LGPS is 2 years. You will meet the 2 years vesting period if:

- you have been a member of the LGPS in England and Wales for 2 years, or
- you have brought a transfer of pension rights into the LGPS in England or Wales from a different occupational pension scheme or from a European pensions institution and the length of service you had in that scheme or institution was 2 or more years or, when added to the period of time you have been a member of the LGPS is, in aggregate, 2 or more years, or
- you have brought a transfer of pension rights into the LGPS in England or Wales from a pension scheme or arrangement where you were not allowed to receive a refund of contributions, or
- you have previously transferred pension rights out of the LGPS in England or Wales to a pension scheme abroad (i.e. to a qualifying recognised overseas pension scheme), or
- you already hold a deferred benefit or are receiving a pension from the LGPS in England or Wales (other than a survivor's pension or pension credit member's pension), or
- you have paid National Insurance contributions whilst a member of the LGPS and cease to contribute to the LGPS in the tax year of attaining pension age,
- you cease to contribute to the LGPS at age 75, or
- you die in service.

# Contact information

For more information or if you have a problem or question about your LGPS membership or benefits, please contact:

Notts LG Pensions Office
Business Support Centre
Nottinghamshire County Council
c/o County Hall
West Bridgford
Nottingham
NG2 7QP

Pensions Helpline: 0115 977 2727
Email: lgpensions@nottscc.gov.uk
Website: www.nottspf.org.uk

The national web site for members of the LGPS can be found at www.lgps2014.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 leaflet **LGPEN 2 – Internal Dispute Resolution Procedure**.

For those who do not have access to our website, a Full Guide to the Scheme may be obtained by contacting the Pensions Helpline on 0115 977 2727.

**Disclaimer**

The information in this booklet applies to individuals who were contributing members of the Local Government Pension Scheme on 1 April 2014 or who have since joined. This booklet is for general use and cannot cover every personal circumstance nor does it cover specific protected rights that apply to a very limited number of employees. In the event of any dispute over your pension benefits, the appropriate legislation will prevail as this booklet does not confer any contractual or statutory rights and is provided for information purposes only.

The information provided in this document represents the Council's best understanding and interpretation of the Local Government Pension Scheme regulations at the time of issue of this guide. The information is subject to change due to various factors including, but not limited to, changes to rules and regulations introduced by the Government Actuary's Department, HMRC and / or the Department for Communities and Local Government. Changes can happen at short notice and may be implemented prior to the Council issuing any future revised documentation.

The information provided is not intended to give you financial advice as the Council is not regulated under the Financial Services Act and so we strongly recommend that you obtain independent financial advice.

The Council excludes all and any liability for any loss, damages or expenses incurred or suffered (including consequential loss such as, but not limited to, loss of profit, anticipated savings and other economic loss) as a direct or indirect result arising from any information contained in this guide, or from any interpretation of the same, or from any act or decision taken as a result of using the same.

**Jan 2019**

This information can be made available upon request in alternative formats and languages.

Nottinghamshire County Council

**The Nottinghamshire Local Government Pension Fund**
is administered by Nottinghamshire County Council

Notts LG Pensions Office, Business Support Centre, Nottinghamshire County Council
c/o County Hall, West Bridgford, Nottingham NG2 7QP
0115 977 2727 • nottspf.org.uk • lgpensions@nottscc.gov.uk

D&P/12.15/PPCS/5737