

# The Local Government Pension Scheme

## Notes of guidance for employees leaving the scheme (not retiring with an immediate pension)

Nothing said in this guidance can override the Local Government Pension Scheme regulations

### **Final Pay** (Applicable to benefits accrued up to 31/03/2014)

If there has been a reduction to your pensionable pay and you leave or retire within 10 years of this change; this may have consequences to your final pay, and subsequently to your retirement benefits.

However, Regulation 10 of the "Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 as amended" gives protection to scheme members whose pensionable pay has been reduced within the period of 10 years prior to your last day of active membership within the Pension Scheme.

If you do leave or retire within a 10 year period of the reduction you will need to contact your employer to ensure your correct final pay details are passed onto the Pensions Section. It is **your** responsibility to ensure that Regulation 10\* is used in calculating your final pay.

*\*Please note that Regulation 10, as stated, will only apply to your Pension benefits accrued up to the 31/03/2014.*

**For those scheme members leaving the Scheme, there are several options available to choose from. These options are itemised below and you should take great care in deciding which is most suitable to your circumstances.**

## **A - Transfer of pension rights**

### **(i). To another employers' scheme:**

There is a network of interchange arrangements and transfers that may apply in respect of most periods of membership irrespective of its length. It is worth finding out from your new scheme what advantages there are in transferring. You should therefore discuss this option with your new pension provider.

### **(ii). To a Buy-Out Bond**

It is possible to purchase what is known as a Buy-Out Bond. An amount representing your pension rights is paid to an approved UK based life assurance company or companies. The transfer value will be used to purchase an insurance policy in your name. When the policy matures at retirement age an annuity is bought to convert the capital sum into a pension.

### **(iii). To a Personal Pension**

It is possible to have a cash amount paid into a personal pension plan. Personal pensions are provided by banks, building societies, insurance companies and other financial institutions. The money will be invested and built into your own personal pension fund which will be used to purchase a pension annuity on retirement. Your personal pension provider will, of course, charge you for administering the plan and the benefits payable on retirement cannot be predicted accurately.

**If you wish to transfer your pension rights out of the Dorset County Pension Fund, please contact [pensionstechnical@dorsetcouncil.gov.uk](mailto:pensionstechnical@dorsetcouncil.gov.uk) providing your name, National Insurance number and new pension provider.**

## **B - Deferred benefits**

(only applicable if you have more than 2 year's membership of the LGPS, have had a transfer in or have more than 3 months membership prior to 01/04/2014)

For those who decide not to transfer, it is necessary to defer your accrued benefits in the scheme.

The benefits are calculated on membership and your pensionable pay over the last year and becomes payable on your attaining retirement age. Payment can be made earlier under certain circumstances, one of which is ill health.

These benefits are protected against inflation by annual increases linked to an index as advised by HM Government. If after deferring your benefits you again rejoin the LGPS or enter any other type of pensionable employment, you should contact your new employers pension administrators.

## **C - Refund of contributions**

(only applicable if you have less than 2 year's membership of the LGPS)

If after considering the other options you still wish to claim a refund the election cannot be made until you have been out of the Local Government Scheme for more than **one month and one day**.

**NB: If you have transferred in membership from another Pension Scheme (not Local Government Pension Scheme membership from another Local Authority) you are not permitted to claim a refund. Your options are limited to A or B.**

If you return to membership of the scheme within one month and one day no refund is payable.

To choose a refund extinguishes your right to count that period of membership again. The refund of your contributions will suffer one or both of the following statutory deductions:

- (a) The employees share of the Contribution Equivalent Premium (CEP). This CEP will restore your rights in the State Second Pension Scheme (SSP2).
- (b) Tax at the rate of 20% on the balance remaining after deducting the CEP (regardless of whether or not you pay income tax).

If you are eligible for a refund, a process will begin automatically on receipt of your leaver notification from your employer. If you have not heard from us within 2 months of your leaving date, please email [pensionemployerteam@dorsetcouncil.gov.uk](mailto:pensionemployerteam@dorsetcouncil.gov.uk)

## **D - Deferred refund of contributions**

(only applicable if you have more than 3 months but less than 2 years membership of the LGPS)

It is not necessary at this stage to claim a refund of contributions. Instead you can leave your pension rights in abeyance until your future plans are decided. After a period of 5 years however, a refund of contributions must be paid if no decision has been made.

This guidance gives general guidance only and more detailed advice may be obtained from:

Dorset County Pension Fund  
County Hall  
Dorchester  
Dorset  
DT1 1XJ  
Telephone: 01305 224845  
Email: [pensionshelpline@dorsetcouncil.gov.uk](mailto:pensionshelpline@dorsetcouncil.gov.uk)  
Website: [www.dorsetpensionfund.org](http://www.dorsetpensionfund.org)

**Claim form for pensionable employees leaving the scheme**

After reading the accompanying guidance please complete the following form, ensuring you only elect for one option, and return with a copy of your birth certificate, passport, or driving licence :

Full name:

NI Number:  Date of birth:

Partnership status: | Single  | Married / Civil partnership  | Cohabiting partner  | Divorced / Dissolved partnership  | Widow(er) / Surviving partner

Address:

Post code:  Email Address:

Telephone number:

Employing authority:

Payroll reference:  If you do not know your payroll reference, please provide your job description.

Date of leaving / Opting out:

**Option B - Deferred benefit**

I elect to defer my benefits in the Scheme until they become payable or I elect to transfer them at a later date.

**Option D - Deferred refund of contributions**

I am uncertain at this stage, and wish my pension rights to be held in abeyance for, at the most, 5 years.

You do not need to return this form if A or C is your chosen option.

Signed:

Date: