

LG PEN 16

Leaving the pension scheme before retirement

**The Nottinghamshire
Local Government Pension Fund**

administered by

 **Nottinghamshire
County Council**

for you, for now, for the future
lgps

Pension Guide Disclaimer

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.

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.

Introduction

The information below relates to active members leaving the Local Government Pension Scheme (LGPS) after 31 March 2014.

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 LGPS, and are not entitled to or do not wish to claim the immediate payment of your pension benefits.

It also contains an option form, to complete and return, to let us know your decision.

On leaving the LGPS, your options will depend on how long you have been in the scheme.

If you have less than 2 years qualifying membership (and none of the other conditions described under Option A apply to you), you can either:

- take a refund of your pension contributions (**Option A**)
- or, if you have 3 months or more membership, transfer your benefits to another pension scheme or arrangement (**Option B**)
- or, postpone your decision for up to 5 years (or age 75 if sooner) (**Option C**)
- or, if you have 3 months or more membership, and were an active member on 31 March 2014 and 1 April 2014, you may opt for deferred pension benefits (**Option D**).

If you have at least 2 years qualifying membership, or have transferred in some rights accrued in an arrangement that does not permit a refund of contributions, or have other LGPS benefits in England or Wales, 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**).

Following the implementation of the LGPS 2014, there is an extra element of choice. If you were an active member who moved into the 2014 scheme on 1 April 2014 and leave with between 3 months and 2 years membership in total, you have the option of either requesting a refund of contributions (assuming you meet the other criteria to claim a refund) or to be awarded a deferred benefit. An election to claim a refund in this instance must be made to the administering authority within 6 months of ceasing active membership. In the absence of an election, a deferred benefit will be awarded.

There is one other set of circumstances which may apply to you. If you have been employed in two or more jobs at the same time and leave one of those jobs with an entitlement to a deferred benefit, you have the option of combining (aggregating) this membership with one of your continuing jobs. For members with an entitlement to a deferred refund, aggregation is automatic. (**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 2 years qualifying scheme membership (including service with another occupational scheme for which a transfer into the LGPS has been received),
- you have not had a transfer-in of previous pension rights from an arrangement that does not permit a refund of contributions eg a personal pension,
- you have not re-joined the LGPS within a month and a day of ceasing the employment in respect of which you are claiming the refund of contributions,
- you have not re-joined the scheme before the refund has been paid,
- you have not previously transferred any LGPS benefits overseas,
- you have no other LGPS benefits in England and Wales, whether deferred, paid as a pension or in active membership.

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.

There are other less common restrictions relating to an entitlement to a refund of pension contributions. We will let you know if any of these apply in your circumstance.

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 the Inland Revenue. This liability is passed on to the member; it is not Income Tax and cannot be reclaimed.

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

Please note, if requesting a refund of your pension contributions, you must not complete these forms until at least one month and a day after leaving the pension scheme.

Option B - Transferring Out

You may transfer your pension rights to another scheme if you have 3 months or more membership. However you cannot transfer your benefits (other than AVCs) if you leave less than one year before your Normal Pension Age. An option to transfer (other than in respect of AVCs) must be made at least 12 months before your Normal Pension Age.

In order to arrange the transfer, you will need to let your new pension provider know that you have pension rights with the Nottinghamshire Local Government 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.

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.

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

To help you understand your choices, the government has introduced a free and impartial service called Pension Wise (www.pensionwise.gov.uk). Other useful information can be found on The Pensions Advisory Service website (www.pensionadvisoryservice.org.uk).

Option C – Deferred 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 contributions will be held within a deferred refund account. 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, join a new pension scheme, or want to take a refund of contributions, however the maximum length of time a deferred refund can be held is 5 years or to age 75, whichever comes first, at which point it will be paid automatically.

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 qualifying membership of at least 2 years or you are otherwise prevented from having a refund of pension contributions.

If you 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.

Note: those active members who moved into the 2014 scheme on 1 April 2014 and leave with between 3 months and 2 years membership in total have the option of either requesting a refund of contributions (assuming they meet the other criteria to claim a refund) or to be awarded a deferred benefit.

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 without an entitlement to a deferred benefit, we will automatically combine those benefits.

Please 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 form LGPEN 40 on the reverse so that payment can be made directly into your bank account.

Please note, if requesting a refund of your pension contributions, you must not complete this form until at least one month and a day after leaving the pension scheme.

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



**Nottinghamshire
County Council**

The Nottinghamshire Local Government Pension Fund

is administered by Nottinghamshire County Council

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

Local Government Pension Scheme Early Leaver Option Form

LGPEN 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 (LGPEN 40). I declare that:-

- I have less than 2 years qualifying scheme membership; **and**
- I have not previously transferred any LGPS benefits overseas; **and**
- I have no other LGPS benefits in England and Wales whether as a deferred refund, a deferred benefit, pension in payment, or in active membership; **and**
- I have not re-joined the LGPS within a month and a day of ceasing the employment in respect of which I am claiming the refund of contributions (you must not sign this section until at least one month and a day after leaving the pension scheme).

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 - Deferred Refund

Please retain my contributions as a deferred refund. I am aware that if I re-join the LGPS before claiming a refund, that my benefits will be automatically combined and my rights to a refund extinguished. I understand the refund must be paid after being held for 5 years or age 75, whichever comes first. I will notify you if my address changes.

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

LGPEN 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. Please 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:



**Nottinghamshire
County Council**

The Nottinghamshire Local Government Pension Fund

is administered by Nottinghamshire County Council

Notts LG Pensions Office, Business Services Centre, Nottinghamshire County

Council c/o County Hall, West Bridgford, Nottingham NG2 7QP

0115 977 2727 • nottspf.org.uk • lgpensions@nottsc.gov.uk