

Leavers



Employers must notify the Fund when a member ceases membership of the scheme either because of leaving their employment or opting out of the scheme.

The Fund will determine the member's options and notify them of these. The Fund needs to receive leavers information including an accurate assessment of final pay – within 15 days of the employee leaving the scheme or employment.

Different Types of Leavers

- Voluntary Resignation (including over 55s who do not wish to draw their benefits yet)
- Redundancies for members aged under 55 at the date of leaving
- Dismissal
- Opting Out of the scheme
- TUPE Transfer (contact employer engagement team as other actions required)

Benefits on leaving the LGPS

Employees may leave their job before they want to take their pension. If they have met the two-year vesting period when they leave, they will have deferred benefits in the LGPS.

If they have not met the vesting period, they could choose to take a refund of the pension contributions they have paid. They may be able to transfer the value of your LGPS pension to another pension arrangement after they leave.

Deferred benefits

If an employee leaves their job before retirement and they meet the two-year vesting period, they will have deferred benefits in the LGPS. Their deferred pension will increase each April in line with the cost of living. A death grant will generally be paid if they die as a deferred member and their partner and children may also receive dependants' pensions.

Their deferred pension will be held in the LGPS until they choose to take their deferred pension. They can generally take their deferred pension at any time between age 55 and 75. They may be able to take it earlier if they are too ill to work. Alternatively, they can transfer their deferred benefits to another pension arrangement (subject to guidelines being followed).

If they bought extra LGPS pension by paying Additional Pension Contributions (APCs) or Additional Regular Contributions (ARCs), they will be credited with the extra pension they have paid for when they leave. The extra pension will increase the value of their deferred benefits or increase the transfer value paid if they move their benefits elsewhere. The same principle applies to added years.

They may have paid AVCs arranged through the LGPS. These are known as in-house AVCs. Their AVC fund will continue to be invested until it is paid out. They cannot pay in-house AVCs after leaving. This means that any life cover they have paid for through AVCs will stop.

Leaving without deferred benefits

Employees will not qualify for deferred benefits if they do not meet the two year* vesting period. They will generally have three options:

1. They can claim a refund of the pension contributions they have paid (including APCs/AVCs).
2. If they have been a member of the LGPS for more than three months, they may be able to transfer the cash value of the deferred refund to another pension arrangement (a transfer must be completed within a limited time after leaving).
3. They can delay deciding for up to five years or until age 75 if that is earlier.

Tax of 20 percent will be taken from the refund. The refund may also be adjusted if they paid National Insurance as a Scheme member before 6 April 2016. This adjustment will buy them back into the State Second Pension (S2P) for the period before that date.

They cannot take a refund if:

They re-join the LGPS in England and Wales within a month and a day of leaving the Scheme

They re-join the LGPS before they have claimed a refund

They are paying into the LGPS in more than one job, and they remain an LGPS member in the job that is continuing.

*If they joined the LGPS before 1 April 2014 and leave with between three months and two years membership they will be able to choose a refund or a deferred benefit. If you choose a refund, they must claim your refund within six months of leaving.

The role of the employer

For i-Connect users, the Fund will receive most of the leaver information it requires through the i-Connect portal and will only contact the employer if further information is required.

For non-i-Connect users the employer should complete LGPS 8A and return it to East Sussex Pension Fund. There are two options to choose from:

1. [Standard PDF](#) - to print, complete and send.
2. [Editable PDF](#)* - complete the form online, print, sign and send.

We are now happy to accept employer forms via email without the need for a handwritten signature if the email is sent:

- By a contact at the employer who is listed on the authorised signatories list, and
- from an employer email address e.g., John.smith@eastsussex.gov.uk.

If sending via post a wet signature is still required.

Once we are notified of the leaver the Fund will determine the member's options and notify the member directly of their choices. There may be claim forms for the member to complete (refund of contributions for example).

Administration service standards

Leavers not entitled to immediate payment of benefits	Administration standards
<p>Refund of contributions</p> <p>Calculate refund of contributions and issue letter including reference to possible CETV to the member.</p>	<p>Within 10 working days of receiving a completed leaver form.</p>
<p>Unclaimed refunds</p> <p>Contact the member to arrange for payment of an unclaimed refund to be made, in line with regulations which require this to happen after a specific time.</p>	<p>Within 10 working days of the date that is two months prior to the date that payment must be made.</p>
<p>Payment of refund of contributions</p> <p>Make payment of refund of contributions and send notification letter to the member.</p>	<p>Within 5 working days of receiving a complete and correct payment form from the member.</p>
<p>Deferred benefits</p> <p>Calculate deferred benefit entitlement and send notification letter and statements to the member.</p>	<p>Within 15 working days of receiving all the required complete and accurate information from the scheme employer.</p>

Further support

Email: employer.engagement@eastsussex.gov.uk

This factsheet is one of a series put together by East Sussex Pension Fund to help support employers with processing key tasks.



Employer Toolkit...

Pointing you in the right direction

You can view the full employer toolkit at:

[Employer Toolkit | East Sussex Pension Fund](#)