Re-joining the LGPS

Information for Local Government Pension Scheme (LGPS) Pension Funds to provide to scheme members who re-join the scheme

Introduction

Pension Fund administering authorities ('Pension Funds') in England and Wales are well aware of the added complexity surrounding the topic of aggregation of benefits following the introduction of the new career average scheme from 1 April 2014. The following legislation underlies these changes:

- The Public Service Pensions Act 2013
- The LGPS Regulations 2013
- The LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014

For member's rejoining the LGPS on or after 1 April 2014 *automatic aggregation* is usually the norm where earlier benefits in the scheme from an earlier period of membership (or the cessation of a concurrent employment) are joined with a member's new (or, in the case of a concurrent employment, ongoing) pension account.

The golden rule is that:

- a member's deferred refund **must** be aggregated with a member's active pension account, and
- a member's deferred benefit **can** be aggregated with a member's active pension account.

However, the administrative processes are complicated by the fact that the type of benefit (deferred refund or deferred benefit) which the member has to aggregate may include:

- Post 31 March 2014 rights only, or
- Mix of pre 1 April 2014 and post 31 March 2014 rights, or
- Pre 1 April 2014 rights only.

In addition whether or not the member has a continuous break in active membership of a ***public service pension scheme*** of more than 5 years results in different outcomes at the point benefits are aggregated.

In view of the level of complexity around this topic the LGPC's Communications Working Group in conjunction with Technical Group agreed that a leaflet designed to help Pension Funds to communicate with scheme members who have decisions to make regarding the aggregation of their benefits would be beneficial.

How is this leaflet laid out?

This leaflet is split into **two parts**:

Part 1 is designed to assist Pension Funds and includes information on how this document is structured. The various scenarios that can arise when dealing with aggregation of benefits in the LGPS in England and Wales and a brief technical explanation of each of these scenarios is included for information (see Summary Chart - Aggregation Paper). Pension Funds are advised to read the LGPC Secretariat's Aggregation Paper which includes detailed technical information for each of the possible scenarios.

Part 1 of this paper includes a section on the recommended approach to aggregation across Pension Funds, the aim of which is to ensure a consistent approach is applied to all members and across all Pension Funds. In addition details are included below on the suggested amendments to the current automatic aggregation position as put forward in the LGPC's response to DCLG's consultation on technical amending regulations which closed 30 January 2015.

Part 2 is the information which Pension Funds will need to supply to scheme members when they re-join the LGPS (or in the case of concurrent employments when they combine pension accounts). It is broken down into 12[1] scenarios. The information is provided in the following format:

- each scenario is explained,
- the considerations for the member are noted, and
- general information on how benefits are worked out, when they are payable and any potential protections the member may have are set out.

A separate glossary is provided to explain terms referred to in the scenarios. Where an item is included in the glossary it is in ***bold and italics*** throughout the text of this leaflet. Please note that references in this leaflet to "variable-time employment" relate to employment under which an employee's contract provides that their pay is calculated by reference to the duties undertaken (rather than by reference to the number of hours worked). In other words, the employee is paid a fixed sum of money for the work undertaken, regardless of how long it takes the person to undertake the work – for example, returning officers and acting returning officers. The references to "variable-time employment" **do not** relate to zero hours or variable hours contracts under which employees are paid for the hours of work undertaken.

It is for each Pension Fund to decide whether and how they wish to use the information in Part 2 of this leaflet. The information is designed for use in any letters and forms that a Pension Fund will issue to a member who is re-joining the LGPS (or in the case of concurrent employments, when combining pension accounts). In a small number of the scenarios there is variable text which a Pension Fund can choose to add to their letter or form, if it is relevant for the scheme member. This variable text is highlighted in *italics* and those paragraphs start with the words *VARIABLE TEXT*.

[1] There are 13 scenarios in total. However, scenario C1 does not have text as members who meet the criteria for that scenario must have already received a refund of their contributions from their previous employment.

The document does not contain template letters or forms as each Pension Fund will have their own internal considerations for design and layout etc. It is hoped that the breakdown of information in this leaflet will help when formulating individual letters and forms. It should be noted that the position for members with Additional Voluntary Contributions (AVCs) is not included in this leaflet.

Part 1 - Information for Pension Fund Administering Authorities

As outlined above the complex nature of aggregation in the LGPS in England and Wales demands that the differing scenarios are separated out and relevant information is made available for use in each of the scenarios.

Each of the aggregation scenarios which can arise when a member re-joins the LGPS (or in the case of concurrent employments, when combining pension accounts) are noted in the summary chart below. The information for members in part 2 of this leaflet is aligned with each scenario.

The scenarios are determined by the following questions:

- What type of benefits did the member leave with?
- When did the member leave their last employment (or was it a concurrent employment)?
- Has there, between leaving and re-joining the LGPS, been a continuous break in active membership of ***public service pension schemes*** of more than 5 years?

Brief technical explanation of each scenario

Pension Funds are advised to read the LGPC Secretariat's Aggregation Paper which includes detailed technical information for each of the possible scenarios. A table summarising the content of that paper is detailed on pages 8 to 17 of this leaflet.

Suggested approach to aggregation process in England and Wales

The LGPS 2014 moved to a position were automatic aggregation is the norm unless, in the case of a member entitled to deferred benefits, the member makes an election within 12 months of re-joining the Scheme or of ceasing a concurrent employment to which the deferred benefit relates (or such longer period as the employer might allow) to retain separate benefits.

For automatic aggregation to work in the LGPS all LGPS Pension Funds need to work to, and apply, one consistent approach.

The LGPC Secretariat therefore recommended that, where a member has a deferred benefit in another Fund in England or Wales, a request for an Inter-Fund Adjustment is only made by the receiving Pension Fund after 12 months has elapsed from the date the member re-joined the scheme unless the member has confirmed they don't want to retain separate deferred benefits before that date.

Already it is becoming apparent that Pension Funds are not all working to this consistent approach.

As a result of this and also as a result of the problems with the assessment of the pension input period for ***annual allowance*** purposes, the LGPC Secretariat made a request to DCLG that the LGPS should move back to the position where members with a deferred benefit in the LGPS in England or Wales retain separate benefits unless they make an election within 12 months of re-joining the Scheme or of ceasing a concurrent employment to which the deferred benefit relates (or such longer period as the employer might allow) to aggregate.

Unfortunately, that suggestion was not taken on board when the LGPS (Amendment) Regulations 2015 were issued. The LGPC Secretariat will continue to press for the suggested amendment to be made to the Regulations but, in the meantime, Pension Funds will need to work under the provisions of the current regulations.

In doing so it is suggested that:

1. At the outset of employment it will be necessary to ensure that the member completes a form detailing any membership they have had:
   i) in the LGPS in England or Wales, and / or
   ii) in any other ***public service pension scheme***

   regardless of whether or not a refund of contributions has been paid in respect of that membership or a transfer value has been paid to another pension scheme or arrangement in respect of that membership.

2. Carrying out point 1 above will ensure that the Pension Fund can ascertain whether or not there has been a break in continuous active membership of ***public service pension schemes*** of more than 5 years in order to determine:
   i) whether there is an ongoing final salary link for any pre 1 April 2014 benefits transferred from the LGPS in England or Wales (or whether the transfer would simply purchase an amount of earned pension in the member's pension account in the CARE scheme),
   ii) whether a transfer from a Club scheme should (for any final salary element included in the transfer) purchase pre 1 April 2014 final salary membership[2] (or simply purchase an amount of earned pension in the member's pension account in the CARE scheme), and potentially*

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[2] Administering authorities should note that if a member:

i) moves from Scheme A to Scheme B and then to Scheme C (all of which are public service pension schemes),

ii) transfers from Scheme A to Scheme C

iii) the break between Scheme A and Scheme C was more than 5 years but there has been no break of membership of public service pension schemes of more than 5 years (because the person was in Scheme B in the intervening period)

the transfer from Scheme A to Scheme C will be a **non-Club** transfer in. If the transfer includes final salary benefits, that part of the transfer will still buy pre-14 membership (or pre-15 membership in Scotland and Northern Ireland) but on a **non-Club** basis. A transfer from Scheme B to Scheme C would be a **Club** transfer. Conversely, if the member had transferred the pension rights from Scheme A to Scheme B and then to Scheme C, each would have been treated as a **Club** transfer.

iii) whether there is an underpin calculation to be performed if the member was:
  - an active member of a ***public service pension scheme*** immediately before 1 April 2012 (regardless of whether or not a transfer is made from that scheme to the LGPS), and
  - within 10 years of their Normal Pension Age under that ***public service pension scheme*** on 1 April 2012 and would have been within 10 years of their Normal Pension Age under the LGPS had they been in the LGPS on 1 April 2012.

[* it is not yet certain whether the LGPS will be subject to (iii) above. If it is, then an amendment to regulation 4 of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 will be required. The LGPC Secretariat will provide an update in a future Bulletin once the position has been clarified.]

The member should also be asked to detail the above information again on the cessation of their active membership in that employment (in order to pick up any information that had not previously been disclosed by the member).

In addition, each year when annual benefit statements are issued, members should be reminded that, if they have not already done so, it is important that they disclose this information.

Where the member has previous benefits in the LGPS in England and Wales, Pension Funds should take the following action:

1. Seek to get a signed form confirming the member's decision on aggregation as soon as possible.
2. If no decision is obtained from the member the Pension Fund should delay aggregation (and the request for an Inter-Fund Adjustment) until the 12 month period has elapsed (or the date member ceases membership if earlier).
3. Once an election has been made the member should not be able to seek to rescind it within the 12 month period.

Queries

Now Clarified

Ongoing final salary link: The position relating to the treatment of an ongoing final salary link where a member retains separate deferred benefits in another LGPS Pension Fund was clarified in a letter from DCLG issued on 23 January 2015. In that letter DCLG confirmed that where an active member of the LGPS in England or Wales does **not** aggregate membership from an LGPS deferred benefit in England or Wales which includes pre 1 April 2014 final salary membership and does **not** have a continuous break of more than 5 years in active membership of a ***public service pension scheme*** (as defined in section 1 of the Public Service Pensions Act 2013), the unaggregated deferred benefit **does not** retain an **ongoing** final salary link.

This removes a number of administrative complexities which could have prevailed had an ongoing final salary link existed for separately retained deferred benefits in another LGPS Pension Fund in England or Wales. The DCLG clarification has been reflected in the information below.

Revaluation: The application of revaluation on that part of an active member's pension account that relates to an incoming amount of earned pension in the career average scheme has now been clarified. In all cases a full years' revaluation will be applied to the member's pension account including to the value of any transferred in earned pension.

Relevant Date: A letter clarifying what the relevant date should be for an IFA in England and Wales has been received from GAD / DCLG. Please see the LGPS Regulations website to read the letter which says:

Local Government Pension Scheme (England and Wales) - Secretary of State's actuarial guidance on Interfund Transfers

Following recent email correspondence GAD has had with Terry Edwards of LGA, I write to confirm the conclusions we reached regarding the aggregation of a member's membership, and the associated transfer payment between funds, in the light of the possibility that the member might elect for non-aggregation. These conclusions are set out below:

Relevant date
Where the benefits for a member with a deferred refund are automatically aggregated, the relevant date for the Interfund transfer is the date the member re-joined the Scheme (or the day following the cessation of the concurrent employment that resulted in the deferred refund).

The relevant date for the Interfund transfer for a member with deferred benefits to whom regulation 10(6) of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 does not apply is the day after the last date on which the member could elect for benefits not to be aggregated (i.e. the end of the 12 month period), or, if sooner, the earlier of:
a) the date of cessation of active membership with the employer with whom the deferred membership is to be aggregated; and
b) the date on which the member confirms in writing that he/she does not wish to retain separate benefits/elects for the aggregation to proceed.

The relevant date for a member with deferred benefits to whom regulation 10(6) of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 does apply is the date of the election that triggers the transfer.

Late payment adjustment
If the Interfund transfer is not paid within 3 months of the relevant date, it should be recalculated as at the date of payment (which would take account of any change in age and pension increases or revaluation that had occurred between the relevant date and the date of payment).

I suggest that it will make sense for the guidance document "Interfund Transfers" to be updated to reflect the above practical arrangements at the next convenient opportunity, perhaps when changes are next needed to other guidance documents. If you are happy to do so, please pass a copy of this letter to the LGA for them to advise administering authorities as to the above arrangements.

Administering authorities should also note the following points of clarification in relation to the “relevant date”:

i) the information above should also be applied where a member with a pre-1 April 2014 deferred benefit re-joins the scheme after 31 March 2014
ii) there are no longer any interest payments due on interfund transfers
iii) if a member with a pre-1 April 2014 deferred benefit re-joins the scheme after 31 March 2014 with a break of 5 years or less and elects within 12 months of re-joining to be treated as if he had been a member on 31 March and 1 April 2014, then the benefits will automatically be aggregated. It is the act of making the election to be treated as if he/she had been a member on 31 March and 1 April 2014 that causes the automatic aggregation. Thus the member would fall within (b) above i.e. the relevant date would be the date on which the member elects for the aggregation to proceed.

Some other points for Pension Funds to note:

- Where a member opts out of the LGPS in their new employment within 3 months of re-joining the scheme their benefits cannot be aggregated as they will have received a refund of contributions through their pay and are treated as not having been a member of the LGPS in the new employment.

  Where a member opted out of the scheme in an employment **prior to 11 April 2015** with an entitlement to a deferred benefit and they subsequently re-join the LGPS the provisions in this document currently apply.

  However, where a member opts out of the scheme in an employment (other than a concurrent employment) **on or after 11 April 2015** with an entitlement to a deferred benefit the provisions in this document **do not** apply. This is because, by virtue of the amendment made by SI 2015/755 to regulation 22(8) of the LGPS Regulations 2013, such members **do not** have the right to aggregate benefits upon re-joining the scheme. Thus, administering authorities will need to ascertain from the administering authority holding a deferred benefit for a member who ceased membership on or after 11 April 2015 whether or not that deferred benefit arose as a result of the member opting out of membership of the scheme.

  The anomaly in treatment between pre and post 11 April 2015 optants out who have deferred benefits has been reported to DCLG for consideration.

  If a member opts out and only has an entitlement to a refund of contributions, or has a deferred benefit as a result of opting out of a concurrent employment and wishes to aggregate with membership in the ongoing employment, the provisions in this document still apply

- Where a member moves employer due to a TUPE transfer the provisions in this document currently apply. However, in the LGPC's response to DCLG's consultation on technical amending regulations which closed on 30 January 2015, the LGPC Secretariat requested that the LGPS Regulations 2013 should be amended to mirror the provision in regulation 16(6) of the LGPS (Administration) Regulations 2008 so that the benefits of an active member being TUPE transferred to another employer participating in the LGPS would automatically be aggregated (i.e. the member would not have the option to retain separate deferred benefits). Unfortunately, DCLG did not take the LGPC Secretariat's proposal on board when issuing the LGPS (Amendment) Regulations 2015.

- This leaflet does not relate to any benefits a person may have accrued as a Councillor member of the LGPS. Benefits accrued as a councillor member cannot be aggregated with membership as an employee (and vice versa).

Summary Chart - Aggregation Paper

Type of service	Type of Record to be Aggregated	Scenario	Action required	Outcome	Other considerations
A1. Post 31 March 2014 membership only (or all membership treated as if it were post 31 March 2014 membership)	Deferred Refund (less than 2 years qualifying service)	**- Scenario A1CONC** *Concurrent Employment*	Automatic Aggregation	Value of pension accounts added together	If more than one active pension account, member chooses which one to combine with. No refund possible.
		- Scenario A1 *Previous Employment* (re-joined within 1 month and 1 day or refund not paid before re-joining*)	Automatic Aggregation	Value of earlier pension account added to new pension account	If more than one active pension account, member chooses which one to combine with. No refund possible. *Gap between employments cannot be more than 5 years (as refund must have already been paid if more than 5 years). Therefore combined deferred refund always recalculated in line with HM Treasury Revaluation Orders
A2. Post 31 March 2014 only	Deferred Benefit (other than one arising as a result of opting out of a non-	**- Scenario A2CONC** *Concurrent Employment*	Automatic Aggregation (unless within 12 months of ceasing the concurrent employment, or such	Value of pension accounts added together (unless member makes an election within the prescribed time period not to automatically	If more than one active pension account, member chooses which one to combine with.

Type of service	Type of Record to be Aggregated	Scenario	Action required	Outcome	Other considerations
	concurrent employment on or after 11 April 2015)		longer period as the employer allows, the member makes an election to the new Fund not to automatically aggregate)	aggregate, in which case member retains separate deferred pension account in respect of the ceased concurrent employment)	If deferred benefit arose as a result of opting out on or after 11 April 2015, the member cannot aggregate.
		- Scenario A2 *Previous Employment*	Automatic Aggregation (unless, within 12 months of re-joining, or such longer period as the employer allows, the member makes an election to the new Fund not to automatically aggregate)	Value of earlier pension account added to new pension account (unless make makes an election within the prescribed time period not to automatically aggregate, in which case member retains separate deferred pension account in respect of the previous employment)	If more than one active pension account, member chooses which one to combine with. If the gap between the periods of membership does not exceed 5 years then, upon aggregation, any increases to the earlier Deferred Pension account under Pensions Increase (Review) Orders are ignored and it is recalculated in line with HM Treasury Revaluation Orders instead. If the gap exceeds 5 years the earlier Deferred Pension account, as increased by Pensions Increase (Review) Orders, is not recalculated in line with HM Treasury Revaluation Orders.

Type of service	Type of Record to be Aggregated	Scenario	Action required	Outcome	Other considerations
					If deferred benefit arose as a result of opting out on or after 11 April 2015, the member cannot aggregate.
B1. Pre and post 1 April 2014 mix (has not had a continuous break in active membership of a ***public service pension scheme*** of more than 5 years and active member in scheme on 31 March 2014 and 1 April 2014)	Deferred Refund (less than 2 years qualifying service)	**- Scenario B1CONC** *Concurrent Employment*	Automatic Aggregation	Post 31 March 2014 Career Average pension – value of earlier pension account added to new pension account. Pre 1 April 2014 Final Salary benefits - attached to new active pension account (retains FS link - but with: a) concurrency adjustment applied to period of membership if was a member in the ongoing concurrent job on 31 March 2014 and 1 April 2014, or b) variable-time adjustment applied to period of membership if ceased employment was variable-time but ongoing employment is not)	If more than one active pension account member chooses which one to combine with (but, if member fails to choose within 12 months of the cessation of the concurrent employment, the Administering Authority makes the determination on member's behalf) No refund possible.
		- Scenario B1 *Previous Employment* (re-joined within 1 month and 1 day or	Automatic Aggregation	Post 31 March 2014 Career Average pension - value of earlier pension account added to new pension	If more than one active pension account member chooses which one to combine with.

Type of service	Type of Record to be Aggregated	Scenario	Action required	Outcome	Other considerations
		refund not paid before re-joining*)		account. Pre 1 April 2014 Final Salary - attached to new active pension account (retains FS link but with variable-time adjustment applied to period of membership if ceased employment was variable-time but new employment is not)	No refund possible. *Gap between employments cannot be more than 5 years (as refund must have already been paid if more than 5 years). Therefore combined deferred refund always recalculated in line with HM Treasury Revaluation Orders.
B2. Pre and post 1 April 2014 mix (has not had a continuous break in active membership of a ***public service pension scheme*** of more than 5 years and active member in scheme on 31 March 2014 and 1 April	Deferred Benefit (other than one arising as a result of opting out of a non-concurrent employment on or after 11 April 2015)	**- Scenario B2CONC** *Concurrent Employment*	Automatic Aggregation (unless, within 12 months of ceasing the concurrent employment, or such longer period as the employer allows, the member makes an election to the new Fund not to automatically aggregate)	Post 31 March 2014 Career Average pension - value of earlier pension account added to new pension account PLUS Pre 1 April 2014 Final Salary benefits - attached to new active pension account (retains FS link, but with: a) concurrency adjustment applied to period of membership if was a member in the ongoing concurrent job on 31 March 2014 and 1 April 2014, or b) variable-time adjustment	If more than one active pension account member chooses which one to combine with (but, if member fails to choose within 12 months of the cessation of the concurrent employment, the Administering Authority makes the determination on the member's behalf). If deferred benefit arose as a result of opting out on or after 11 April 2015, the member cannot aggregate.

Type of service	Type of Record to be Aggregated	Scenario	Action required	Outcome	Other considerations
2014)				applied to period of membership if ceased employment was variable-time but ongoing employment is not) UNLESS makes an election within the prescribed time period not to automatically aggregate, in which case the member retains a separate deferred benefit in respect of the ceased concurrent employment comprised of post 31 March 2014 accrued CARE pension and pre 1 April 2014 final salary benefit (based on the final pay of that ceased concurrent employment).	
		- Scenario B2 *Previous Employment*	Automatic Aggregation (unless, within 12 months of re-joining, or such longer period as the employer allows, the member makes an election to the new Fund not to automatically aggregate)	Post 31 March 2014 Career Average pension - value of earlier pension account added to new pension account PLUS Pre 1 April 2014 Final Salary benefits - attached to new active pension account (retains FS link, but with variable-time adjustment applied to period of	If more than one active pension account member chooses which one to combine with. If the gap between the periods of LGPS membership does not exceed 5 years then, upon aggregation, any increases to the earlier Deferred Pension account under

Type of service	Type of Record to be Aggregated	Scenario	Action required	Outcome	Other considerations
				membership if ceased employment was variable-time but new employment is not) UNLESS makes an election within the prescribed time period not to automatically aggregate, in which case the member retains a separate deferred benefit in respect of the previous employment comprised of post 31 March 2014 accrued CARE pension and pre 1 April 2014 final salary benefit (based on the final pay of that previous employment).	Pensions Increase (Review) Orders are ignored and it is recalculated in line with HM Treasury Revaluation Orders instead. If the gap between the periods of LGPS membership exceeds 5 years the earlier Deferred Pension account, as increased by Pensions Increase (Review) Orders, is not recalculated in line with HM Treasury Revaluation Orders. If deferred benefit arose as a result of opting out on or after 11 April 2015, the member cannot aggregate.
C1. Pre and post 1 April 2014 mix (has had a continuous break in active membership of ***public service pension schemes*** of	Deferred Refund (less than 2 years qualifying service)	**- Scenario C1** *Previous Employment*	Refund only for earlier service (as more than 5 year break between employments).	Refund should have already been paid.	

Type of service	Type of Record to be Aggregated	Scenario	Action required	Outcome	Other considerations
more than 5 years and active member in scheme on 31 March 2014 and 1 April 2014)					
C2. Pre and post 1 April 2014 mix (has had a continuous break in active membership of ***public service pension schemes*** of more than 5 years and active member in scheme on 31 March 2014 and 1 April 2014)	Deferred Benefit (other than one arising as a result of opting out on or after 11 April 2015)	**- Scenario C2** *Previous Employment*	Automatic Aggregation (unless, within 12 months of re-joining, or such longer period as the employer allows, the member makes an election to the new Fund not to automatically aggregate).	Post 31 March 2014 Career average pension - value of earlier pension account added to new pension account PLUS Pre 1 April 2014 Final Salary benefits - Transfer purchases an amount of earned pension in the member's active pension account. UNLESS makes an election within the prescribed time period not to automatically aggregate, in which case the member retains a separate deferred benefit in respect of the previous employment comprised of post 31 March 2014 accrued CARE pension and pre 1 April 2014 final salary benefit (based on the	If more than one active pension account member chooses which one to combine with. Note that if the member aggregates and then leaves the new employment, they will be subject to scenario A if they subsequently re-join the LGPS. If member elects to retain a separate record for deferred benefits and then leaves the new employment, they will be subject to scenario C2 if they subsequently re-join the LGPS. If deferred benefit arose as a result of opting out on or after 11 April 2015, the

Type of service	Type of Record to be Aggregated	Scenario	Action required	Outcome	Other considerations
				final pay of that previous employment).	member cannot aggregate.
D1. Pre 1 April 2014 only	Deferred Refund (less than 3 months)	**- Scenario D1** *Previous Employment*	Automatic Aggregation	Pre 1 April 2014 Final Salary benefits - transfer purchases an amount of earned pension in the member's active pension account (although it is not clear why, if the member has not had a continuous break in active membership of a ***public service pension scheme*** of more than 5 years, the Transitional Regulations say that the transfer should purchase earned pension rather than the transferred membership being treated as pre 1 April 2014 final salary benefits retaining a final salary link. This has been queried with DCLG).	No entitlement to a refund for pre 2014 benefits. Note that if the member leaves the new employment, they will be subject to scenario A if they subsequently re-join the LGPS.
D2. Pre 1 April 2014 only (has not had a continuous break in active membership of a ***public service pension***	Deferred Benefit	**- Scenario D2** *Previous Employment*	Elects within 12 months of re-joining to be treated as a 31 March 2014 / 1 April 2014 member	Pre 1 April 2014 Final Salary benefits - attached to new active pension account (retains FS link, but with variable-time adjustment applied to period of membership if ceased employment was variable-time but new employment is	

Type of service	Type of Record to be Aggregated	Scenario	Action required	Outcome	Other considerations
scheme of more than 5 years)				not)	
			Does not elect within 12 months of re-joining to be treated as a 31 March 2014 / 1 April 2014 member	Member can elect to transfer pre 1 April 2014 final salary benefits to purchase an amount of earned pension in the member's active pension account (although it is not clear why the Transitional Regulations say that the transfer should purchase earned pension rather than the transferred membership being treated as pre 1 April 2014 final salary benefits retaining a final salary link. This has been queried with DCLG). If member does not so elect, member will retain separate pre 1 April 2014 deferred benefits (based on the final pay of that previous employment).	Note that if the member elects to transfer pre 1 April 2014 benefits and then leaves the new employment, they will be subject to scenario A if they subsequently re-join the LGPS.
D3. Pre 2014 only (has had a continuous break in active	Deferred Benefit	**- Scenario D3** *Previous Employment*	Elect to aggregate	Pre 1 April 2014 Final Salary benefits - Transfer purchases an amount of earned pension in the member's active	Note that if the member elects to aggregate and then leaves the new employment, they will be

Type of service	Type of Record to be Aggregated	Scenario	Action required	Outcome	Other considerations
membership of ***public service pension schemes*** of more than 5 years)				pension account. If member does not elect to aggregate, the member will retain separate pre 1 April 2014 deferred benefits (based on the final pay of that previous employment).	subject to scenario A if they subsequently re-join the LGPS.

Part 2 - Information for Scheme Members

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Please note that Scenario C1 does not have any text below as members who meet the criteria for scenario C1 must have already received a refund of their contributions from their previous employment.

What information do I need when re-joining the scheme?

These notes have been provided to give you the information you need to understand what happens to your LGPS benefits, and the choices available to you, if:

a) you have left one employment and rejoined the LGPS in another employment, or
b) you have had more than one job in which you are a member of the LGPS and have left one of those employments whilst continuing in the other.

The notes are for members who: [INSERT SCENARIO DESCRIPTION and DETAILS of RELEVANT SCENARIO BELOW]

Scenario A1CONC - left a concurrent employment after 31 March 2014 with an entitlement to a <u>deferred refund</u> which is based on post 31 March 2014 membership (or on membership which is treated as post 31 March 2014 membership) only and continue to be an active member in an ongoing employment in the LGPS.

(No options available - must combine)

Information Member requires:

In the Local Government Pension Scheme (LGPS) you have a separate pension account for each employment. We have been informed that one of your employments in the LGPS has ceased and you therefore have a deferred refund account in respect of that employment.

As you are continuing in the LGPS in your other employment(s*) you are not eligible to take a refund of the contributions in your deferred refund account and so the amount of pension in your deferred refund account will automatically be transferred and added into your ongoing active pension account.

**VARIABLE TEXT - Note for Pension Funds: Where a member has more than one ongoing active employment the member will need to choose which active pension account to combine their deferred refund account with. You will need to provide information to those members who need to make that decision. Suggested text:*
"As you have more than one active pension account (because you have more than one current employment in which you are contributing to the LGPS) you will need to indicate on the attached form which active pension account you wish your deferred refund account to be combined with."

Scenario A1 - left an employment after 31 March 2014 with an entitlement to a <u>deferred refund</u> which is based on post 31 March 2014 membership (or on membership which is treated as post 31 March 2014 membership) only and who have now re-joined the LGPS

(No options available - must combine)

Information Member requires:

You have re-joined the Local Government Pension Scheme (LGPS) and we note you already have a deferred refund account in the Scheme.

As you have now re-joined the LGPS you are no longer eligible to take a refund of the contributions in your deferred refund account and so the amount of pension in your deferred refund account will automatically be transferred and added into your new active pension account*.

**VARIABLE TEXT - Note for Pension Funds: Where a member has more than one active employment the member will need to choose which active pension account to combine their deferred refund account with. You will need to provide information to those members who need to make that decision. Suggested text:*
"As you have more than one active pension account (because you have more than one current employment in which you are contributing to the LGPS) you will need to indicate on the attached form which active pension account you wish your deferred refund account to be combined with."

Scenario A2CONC - left a concurrent employment after 31 March 2014 with an entitlement to a <u>deferred benefit</u> in the LGPS which is based on post 31 March 2014 membership (or on membership which is treated as post 31 March 2014 membership) only, and continue to be an active member in an ongoing employment.

(Option available - can retain separate benefits)

Information Member requires:

In the Local Government Pension Scheme (LGPS) you have a separate pension account for each employment. We have been informed that one of your employments in the LGPS has ceased and you therefore now hold deferred benefits in respect of that employment.

As you are continuing in the LGPS in your other employment(s) you need to decide what should happen to the deferred benefits you have built up in respect of the ceased employment.

Unless you tell us otherwise, the amount of pension in your deferred pension account will automatically be transferred and added into your ongoing active pension account.

Decision Required

However, you can elect to keep you deferred benefit separate and, if you wish to do so, this must be done within 12 months from the date you left the scheme in the employment which gave rise to the deferred benefit and while you are still paying into the scheme.

If you make an election to keep your benefits separate you cannot change your decision. If you do not make a decision within 12 months of the date you left the scheme in the employment which gave rise to the deferred benefit your deferred benefit will automatically be combined with your ongoing active pension account.

Please note that your employer can extend the 12 month window within which you can elect to keep your benefits separate. However, this is an employer discretion and you would need to speak to your current employer if you wish to seek such an extension.

What do I need to consider before making my decision?

At the moment, you have a separate deferred benefit for the employment which has ceased. If you take no action this will be automatically transferred into your ongoing active pension account.

You need to think about the following things when considering whether or not you should keep your benefits separate:

- How will the benefits from my employment which has ceased be worked out?
- When will my benefits be payable?
- Are there other key areas to consider?

How will the benefits from my employment which has ceased be worked out?

Your benefits from your employment which has ceased will be worked out in the same way regardless of whether you decide to combine them with your ongoing active pension account or if you keep them separate.

When will my benefits be payable?

The ***Normal Pension Age*** applicable to your benefits in the scheme is the same regardless of whether or not you combine your benefits or keep them separate. Your ***Normal Pension Age*** is linked to your State Pension Age (minimum age 65). For more information on ***Normal Pension Age*** see the glossary.

What key differences are there if I elected to keep my deferred benefit separate?		
	Combined Benefits	**Separate Benefits**
Redundancy/ Business Efficiency	**Benefits paid early because of redundancy or efficiency would include the value of earlier deferred benefits that have been transferred.** If you are made redundant or lose your job for business efficiency reasons when aged 55 or over then your benefits would be payable immediately and would include the value of the pension that transferred from your deferred benefit.	**Benefits paid early because of redundancy or efficiency in your ongoing employment would <u>not</u> include the value of earlier deferred benefits.** If, in your ongoing employment, you are made redundant or lose your job for business efficiency reasons when aged 55 or over then your benefits from that employment would be payable immediately but would **not** include the value of your deferred benefit (because you had elected to retain that as a separate deferred benefit). Subject to the information in the boxes below, the separate deferred benefits would be payable at your ***Normal Pension Age***.
Ill- health	**Any benefits paid early because of ill-health would include the value of earlier deferred benefits that have been transferred.** Your benefits will become payable immediately if your employer decides, based on the opinion of an independent doctor, that you are permanently unable to perform the duties of your employment due to ill-health and you are not capable of undertaking other gainful employment. Your pension would be paid at an increased level if you are unlikely to be capable of undertaking other gainful employment within 3 years of leaving. The payment would include the value of your	**Benefits paid early because of ill-health in your ongoing employment would <u>not</u> include the value of earlier deferred benefits.** Your benefits from your ongoing employment will become payable immediately if your employer decides, based on the opinion of an independent doctor, that you are permanently unable to perform the duties of your employment due to ill-health and you are not capable of undertaking other gainful employment. Your pension would be paid at an increased level if you are unlikely to be capable of undertaking other gainful employment within 3

	pension that transferred from your deferred benefit.	years of leaving. The payment would **not** include the value of your deferred benefit (because you elected to retain that as a separate deferred benefit). Your separate deferred benefit may become payable but that would only be if your former employer decided in light of the view from an independent doctor that you are permanently incapable of the job you were working in when you left the employment in respect of which the deferred benefits were awarded and that you are not likely to be capable of undertaking other gainful employment before your ***Normal Pension Age*** or for at least 3 years, whichever is the sooner.
Early payment of benefits	You can voluntarily choose to draw the combined benefits from as early as age 55 (at, normally, a reduced rate to account for the early payment). However, the combined benefits would be payable at the same time (i.e. cannot be paid at different times) and cannot be paid until you have ceased your ongoing employment.	You can voluntarily choose to draw benefits from as early as age 55 (at, normally, a reduced rate to account for the early payment). However, the deferred benefits do not have to be drawn at the same time as the benefits from your ongoing employment. The deferred benefits can be drawn later than, at the same time as or, subject to being at least age 55, earlier than the benefits from your ongoing employment (even if you are still in your ongoing employment at the time you wish to draw the deferred benefits).
Cost of living increases	The combined benefits will be subject to revaluation each year in accordance with HM Treasury Orders. The revaluation is currently in line	The benefits in the active pension account will be subject to revaluation each year in accordance with HM Treasury Orders. The

	with the rise in the ***Consumer Prices Index*** (see glossary for more information). However, in times of negative inflation, the revaluation under a HM Treasury Order could be negative.	revaluation is currently in line with the rise in the ***Consumer Prices Index*** (see glossary for more information). However, in times of negative inflation, the revaluation under a HM Treasury Order could be negative. The benefits in the deferred pension account will be subject to revaluation each year under the Pensions (Increase) Act 1971. The revaluation is currently in line with the rise in the ***Consumer Prices Index*** (see glossary for more information). In times of negative inflation, the revaluation under the Pensions (Increase) Act 1971 would be 0% (i.e. it cannot be a negative amount).

Are there any other key areas to consider?

Death in Service lump sum
As a member of the LGPS if you die in service a lump sum of three times your annual pensionable pay would normally be payable. If you have a deferred pension, and die before it is paid, a lump sum equal to 5 times the deferred pension is paid. However, only one amount for lump sum life cover is payable from the LGPS so, even if you keep your deferred benefits separate from your active pension account, only the greater of the lump sum life cover for your deferred benefit or for your active pension account would be payable.

Paying extra contributions
Have you paid extra contributions towards buying additional pension? This would include Additional Voluntary Contributions (AVCs) and Additional Pension Contributions (APCs). Please read the information ***paying extra contributions*** in the glossary to find out what your choices in respect of these are.

Transferring the value of your deferred benefit to another pension scheme
Please note that even if you choose not to combine your benefits you will not be able to transfer the value of your deferred benefits to another pension scheme whilst you are contributing to the LGPS or if you have less than one year to go before reaching your ***Normal Pension Age***.

What next?

Please complete the attached option form to tell us whether or not you wish to combine your benefits*. This will enable us to take the appropriate action in respect of your pension rights as quickly as possible. If we do not receive your completed form within 12 months of the date you left the scheme in the employment in respect of which the deferred benefit entitlement arose, your deferred benefit for that employment will automatically be transferred to your ongoing active pension account at the end of the 12 month period.

**VARIABLE TEXT - Note for Pension Funds: Where a member has more than one ongoing active employment the member will need to choose which active pension account to combine their deferred benefit with. You will need to provide information to those members who need to make that decision. Suggested text to be added after the words "your benefits":*
" and, as you have more than one ongoing employment in which you are continuing to contribute to the LGPS, please indicate which active pension account you wish your deferred benefit to be combined with."

Scenario A2 - left an employment after 31 March 2014 with an entitlement to a <u>deferred benefit</u> in the LGPS which is based on post 31 March 2014 membership (or on membership which is treated as post 31 March 2014 membership) only, and who have re-joined the LGPS.

(Option available - can retain separate benefits)

Information Member requires:

You have re-joined the Local Government Pension Scheme (LGPS) and we note that you have previous deferred benefits in the LGPS.

If you were awarded those deferred benefits as a result of choosing, on or after 11 April 2015, to opt out of membership of the Scheme, those benefits will remain deferred in the Scheme and you cannot add them to the benefits you are accruing in the Scheme in your current job.

If, however, you were awarded those deferred benefits as a result of ceasing employment, or as a result of choosing, before 11 April 2015, to opt out of membership of the Scheme, you have a decision to make about what should happen to those deferred benefits and this is explained below.

Decision Required

Unless you tell us otherwise, the amount* of pension in your deferred pension account will automatically be transferred and added into your new active pension account.

However, you can elect to keep you deferred benefit separate and, if you wish to do so, this must be done within 12 months of re-joining the scheme and while you are still paying into the scheme.

If you make an election to keep your benefits separate you cannot change your decision. If you do not make a decision within 12 months of re-joining the scheme your deferred benefit will automatically be combined with your new active pension account.

Please note that your employer can extend the 12 month window within which you can elect to keep your benefits separate. However, this is an employer discretion and you would need to speak to your current employer if you wish to seek such an extension.

What do I need to consider before making my decision?

At the moment, you have a separate deferred benefit for your previous employment in the LGPS. If you take no action this will be automatically transferred into your new active pension account.

You need to think about the following things when considering whether or not you should keep your benefits separate:

- How will the benefits from my previous employment be worked out?
- When will my benefits be payable?
- Are there other key areas to consider?

How will the benefits from my previous employment be worked out?

Your benefits from your previous employment will be worked out in the same way if they are combined or if they are kept separate.

VARIABLE TEXT - Note for Pension Funds: The sentence above will need to be amended if the Treasury Revaluation Orders and Pension Increase under the Pensions (Increase) Act have differed in any of the years during which the member had been a deferred member.

When will my benefits be payable?

The ***Normal Pension Age*** applicable to your benefits in the scheme is the same regardless of whether or not you combine your benefits or keep them separate. Your ***Normal Pension Age*** is linked to your State Pension Age (minimum age 65). For more information on ***Normal Pension Age*** see the glossary.

What key differences are there if I elected to keep my deferred benefit separate?		
	Combined Benefits	**Separate Benefits**
Redundancy/ Business Efficiency	**Benefits paid early because of redundancy or efficiency would include the value of earlier deferred benefits that have been transferred.** If you are made redundant or lose your job for business efficiency reasons when aged 55 or over then your benefits would be payable immediately and would include the value of the pension that transferred from your deferred benefit.	**Benefits paid early because of redundancy or efficiency in your new employment would <u>not</u> include the value of earlier deferred benefits.** If you are made redundant or lose your job for business efficiency reasons when aged 55 or over then your benefits would be payable immediately but would **not** include the value of your deferred benefit (because you had elected to retain that as a separate

		deferred benefit). Subject to the information in the boxes below, the separate deferred benefits would be payable at your ***Normal Pension Age***.
Ill- health	**Any benefits paid early because of ill-health would include the value of earlier deferred benefits that have been transferred.** Your benefits will become payable immediately if your employer decides, based on the opinion of an independent doctor, that you are permanently unable to perform the duties of your employment due to ill-health and you are not capable of undertaking other gainful employment. Your pension would be paid at an increased level if you are unlikely to be capable of undertaking other gainful employment within 3 years of leaving. The payment would include the value of your pension that transferred from your deferred benefit.	**Benefits paid early because of ill-health would <u>not</u> include the value of earlier deferred benefits.** Your benefits will become payable immediately if your employer decides, based on the opinion of an independent doctor, that you are permanently unable to perform the duties of your employment due to ill-health and you are not capable of undertaking other gainful employment. Your pension would be paid at an increased level if you are unlikely to be capable of undertaking other gainful employment within 3 years of leaving. The payment would **not** include the value of your deferred benefit (because you elected to retain that as a separate deferred benefit). Your separate deferred benefit may become payable but that would only be if your former employer decided in light of the view from an independent doctor that you are permanently incapable of the job you were working in when you left their employment and that you are not likely to be capable of undertaking other gainful employment before your ***Normal Pension Age*** or for at least 3 years, whichever is the sooner.

Early payment of benefits	You can voluntarily choose to draw the combined benefits from as early as age 55 (at, normally, a reduced rate to account for the early payment). However, the combined benefits would be payable at the same time (i.e. cannot be paid at different times) and cannot be paid until you have ceased your new employment.	You can voluntarily choose to draw benefits from as early as age 55 (at, normally, a reduced rate to account for the early payment). However, the deferred benefits do not have to be drawn at the same time as the benefits from your new employment. The deferred benefits can be drawn later than, at the same time as or, subject to being at least age 55, earlier than the benefits from your new employment (even if you are still in your new employment at the time you wish to draw the deferred benefits).
Cost of living increases*	The combined benefits will be subject to revaluation each year in accordance with HM Treasury Orders. The revaluation is currently in line with the rise in the ***Consumer Prices Index*** (see glossary for more information). However, in times of negative inflation, the revaluation under a HM Treasury Order could be negative.	The benefits in the active pension account will be subject to revaluation each year in accordance with HM Treasury Orders. The revaluation is currently in line with the rise in the ***Consumer Prices Index*** (see glossary for more information). However, in times of negative inflation, the revaluation under a HM Treasury Order could be negative. The benefits in the deferred pension account will be subject to revaluation each year under the Pensions (Increase) Act 1971. Future revaluation is currently in line with the rise in the ***Consumer Prices Index*** (see glossary for more information). In times of negative inflation, the revaluation under the Pensions (Increase) Act 1971 would be 0% (i.e. it cannot be a negative amount).

**VARIABLE TEXT - Note for Pension Fund Administering Authorities: The information for this entry will need to be amended if the Treasury Revaluation Orders and Pension Increase* *under the Pensions (Increase) Act have differed in any of the years during which the member had been a deferred member and the break between leaving and re-joining the Scheme does not exceed 5 years.*

Are there any other key areas to consider?

Death in Service lump sum
As a member of the LGPS if you die in service a lump sum of three times your annual pensionable pay would normally be payable. If you have a deferred pension, and die before it is paid, a lump sum equal to 5 times the deferred pension is paid. However, only one amount for lump sum life cover is payable from the LGPS so, even if you keep your deferred benefits separate from your active pension account, only the greater of the lump sum life cover for your deferred benefit or for your active pension account would be payable.

Paying extra contributions
Have you paid extra contributions towards buying additional pension? This would include Additional Voluntary Contributions (AVCs) and Additional Pension Contributions (APCs). Please read the information ***paying extra contributions*** in the glossary to find out what your choices in respect of these are.

Transferring the value of your deferred benefit to another pension scheme
Please note that even if you choose not to combine your benefits you will not be able to transfer the value of your deferred benefits to another pension scheme whilst you are contributing to the LGPS or if you have less than one year to go before reaching your ***Normal Pension Age***.

What next?

Please complete the attached option form to tell us whether or not you wish to combine your benefits**. This will enable us to take the appropriate action in respect of your pension rights as quickly as possible. If we do not receive your completed form within 12 months of the date you re-joined the scheme, your previous deferred benefit will automatically be transferred to your new active pension account at the end of the 12 month period.

***VARIABLE TEXT - Note for Pension Funds: Where a member has more than one ongoing active employment the member will need to choose which active pension account to combine their deferred benefit with. You will need to provide information to those members who need to make that decision. Suggested text to be added after the words “your benefits”:*
" and, as you have more than one ongoing employment in which you are continuing to contribute to the LGPS, please indicate which active pension account you wish your deferred benefit to be combined with.”

Scenario B1CONC - left a concurrent employment after 31 March 2014 with an entitlement to a deferred refund in the LGPS, were in the scheme on both the 31 March and 1 April 2014, and continue to be an active member in an ongoing employment.

(No options available - must combine)

Information Member requires:

In the Local Government Pension Scheme (LGPS) you have a separate pension account for each employment. We have been informed that one of your employments in the LGPS has ceased and you therefore have a deferred refund account in respect of that employment.

As you are continuing in the LGPS in your other employment(s*) you are not eligible to take a refund of the contributions in your deferred refund account and so the amount of pension you have built up after 31 March 2014 in your deferred refund account will automatically be transferred and added into your ongoing active pension account.

**VARIABLE TEXT - Note for Pension Funds: Where a member has more than one ongoing active employment the member will need to choose which active pension account to combine their deferred refund account with. You will need to provide information to those members who need to make that decision. Suggested text:*
"As you have more than one active pension account (because you have more than one current employment in which you are contributing to the LGPS) you will need to indicate on the attached form which active pension account you wish your deferred refund account to be combined with."

The membership you built up before 1 April 2014 in the final salary scheme in the employment that has ceased will continue to count as final salary membership** and will automatically be linked to your ongoing active pension account. In order to ensure you get the appropriate level of membership for that period, your pre 1 April 2014 membership from the employment that has ceased is adjusted, using the following formula, if your ***final pay*** on the day you ceased being a member in the employment that has ceased is different to the pay on that day in your ongoing employment.

$$\text{Period of membership} \times \frac{\text{Your whole time rate of pay from the employment that has ceased}}{\text{Your whole time rate of pay from your ongoing employment}}$$

= adjusted period of membership.

***VARIABLE TEXT (IF REQUIRED) - As the membership in the final salary scheme built-up before 1 April 2014 was variable time and your ongoing employment is not variable time then, to ensure you get the appropriate level of membership for that period, your pre 1 April 2014 membership from the employment that has ceased is adjusted, using the following formula:*

$$\textit{Period of membership} \times \frac{\textit{Your annual rate of pay in the variable time employment}}{\textit{Your annual rate of pay in the ongoing employment}}$$

= adjusted period of membership.

When you leave your ongoing employment in the future your ***final pay*** in that employment will be used to work out your final salary benefits for your pre 1 April 2014 membership. You will also have pension benefits for all the membership you have built up in the career average scheme (i.e. for membership after 31 March 2014). See ***Working out your benefits in the LGPS*** in the glossary for information on how these benefits are calculated.

For the pension you have built up in the final salary scheme (before 1 April 2014) your ***Normal Pension Age*** would be protected at age 65. For the pension you have built up in the career average scheme (on or after 1 April 2014) your ***Normal Pension Age*** is linked to your State Pension Age (minimum age 65). Please read the glossary for more information on your ***Normal Pension Age***.

If you have ***rule of 85*** protections these protections will continue to apply to you. See the glossary for more information on the ***rule of 85***.

Scenario B1 - left an employment after 31 March 2014 with an entitlement to a <u>deferred refund</u> in the LGPS, were in the scheme on both the 31 March and 1 April 2014, and re-joined the LGPS again without having had a continuous break in active membership of a *public service pension scheme* of more than 5 years since ceasing to be an active member of the LGPS in the employment to which the deferred refund relates.

(No options available - must combine)

Information Member requires:

You have re-joined the Local Government Pension Scheme (LGPS) and we note you have a deferred refund account in the Scheme.

As you have now re-joined the LGPS you are no longer eligible to take a refund of the contributions in your deferred refund account and so the amount of pension you have built up after 31 March 2014 in your deferred refund account will automatically be transferred and added into your new active pension account*.

**VARIABLE TEXT - Note for Pension Funds: Where a member has more than one active employment the member will need to choose which active pension account to combine their deferred refund account with. You will need to provide information to those members who need to make that decision. Suggested text:*
"As you have more than one active pension account (because you have more than one current employment in which you are contributing to the LGPS) you will need to indicate on the attached form which active pension account you wish your deferred refund account to be combined with."

The membership you built up before 1 April 2014 in the final salary scheme will continue to count as final salary membership** and will automatically be linked to your new active pension account.

***VARIABLE TEXT (IF REQUIRED) - As the membership in the final salary scheme built-up before 1 April 2014 was variable time and your new employment is not variable time then, to* *ensure you get the appropriate level of membership for that period, your pre 1 April 2014 membership from the former employment is adjusted, using the following formula:*

Period of membership x Your annual rate of pay in the variable time employment
Your annual rate of pay in the new employment
= adjusted period of membership.

When you leave your new employment in the future your ***final pay*** in that employment will be used to work out your final salary benefits for your pre 1 April 2014 membership. You will also have pension benefits for all the membership you have built up in the career average scheme (i.e. for membership after 31 March 2014). See ***Working out your benefits in the LGPS*** in the glossary for information on how these benefits are calculated.

For the pension you have built up in the final salary scheme (before 1 April 2014) your ***Normal Pension Age*** would be protected at age 65. For the pension you have built up in the career average scheme (on or after 1 April 2014) your ***Normal Pension Age*** is now linked to your State Pension Age (minimum age 65).

If you have ***rule of 85*** protections these protections will continue to apply to you. See the glossary for more information on the ***rule of 85***.

Scenario B2CONC - left a concurrent employment after 31 March 2014 with an entitlement to a deferred benefit in the LGPS, were in the scheme on both the 31 March and 1 April 2014, and continue to be an active member in an ongoing employment.

(Options available - can retain separate benefits)

Information Member requires:

In the Local Government Pension Scheme (LGPS) you have a separate pension account for each employment. We have been informed that one of your employments in the LGPS has ceased and you therefore now hold deferred benefits in respect of that employment.

As you are continuing in the LGPS in your other employment(s*) you need to decide what should happen to the deferred benefits you have built up in respect of your ceased employment.

Unless you tell us otherwise, the amount of pension you have built up after 31 March 2014 in your deferred pension account will automatically be transferred and added to your ongoing active pension account and the membership you built up before 1 April 2014 in the final salary scheme will continue to count as final salary membership automatically linked to your new active pension account.

Decision Required

However, you can elect to keep you deferred benefit separate and, if you wish to do so, this must be done within 12 months from the date you left the scheme in the employment which gave rise to the deferred benefit and while you are still paying into the scheme.

If you make an election to keep your benefits separate you cannot change your decision. If you do not make a decision within 12 months of the date you left the scheme in the employment which gave rise to the deferred benefit your deferred benefit will automatically be combined with your ongoing active pension account.

Please note that your employer can extend the 12 month window within which you can elect to keep your benefits separate. However, this is an employer discretion and you would need to speak to your current employer if you wish to seek such an extension.

What do I need to consider before making my decision?

At the moment, you have a separate deferred benefit for the employment which has ceased. If you take no action this will be automatically transferred into your ongoing active pension account.

You need to think about the following things when considering whether or not you should keep your benefits separate:

- How will the benefits from my employment which has ceased be worked out?
- When will my benefits be payable?
- Are there other key areas to consider?

How will the benefits from my employment which has ceased be worked out?

You have built up benefits in the both the final salary scheme (up to 31 March 2014) and the career average scheme (from 1 April 2014). See ***Working out your benefits in the LGPS*** in the glossary for information on how these benefits are calculated.

If the deferred benefit from the employment which has ceased is combined with the active pension account from the ongoing employment then:

i) the membership you built up before 1 April 2014 in the final salary scheme will continue to count as final salary membership. This membership will be linked to your active pension account and when you leave the ongoing employment in the future your ***final pay*** in that employment will be used to work out your final salary benefits for your pre 1 April 2014 membership.

ii) the amount of pension you have built up in the career average scheme from 1 April 2014 would transfer over to your ongoing active pension account.

iii) in order to ensure you get the appropriate level of membership* in respect of your pre 1 April 2014 service, your pre 1 April 2014 membership from the employment that has ceased is adjusted, using the following formula, if your ***final pay*** on the day you ceased being a member in the employment that has ceased is different to the pay on that day in your ongoing employment.

$$\frac{\text{Period of membership x Your whole time rate of pay from the employment that has ceased}}{\text{Your whole time rate of pay from your ongoing employment}}$$

= adjusted period of membership.

**VARIABLE TEXT (IF REQUIRED) - As the membership in the final salary scheme built-up before 1 April 2014 was variable time and your ongoing employment is not variable time then, to ensure you get the appropriate level of membership for that period, your pre 1 April 2014 membership from the employment that has ceased is adjusted, using the following formula:*

Period of membership x $\dfrac{\text{Your annual rate of pay in the variable time employment}}{\text{Your annual rate of pay in the ongoing employment}}$
= adjusted period of membership.

If you elect to keep your deferred benefit from the employment which has ceased separate from the active pension account in the ongoing employment then your deferred benefits will increase each year in line with inflation, as currently measured by the rise in the ***Consumer Prices Index*** (see glossary for more information).

There are, also other matters that you will need to consider including:

When will my benefits be payable?
For the pension you have built up in the final salary scheme (before 1 April 2014) your ***Normal Pension Age*** would be protected at age 65. For the pension you have built up in the career average scheme (on or after 1 April 2014) your ***Normal Pension Age*** is linked to your State Pension Age minimum age 65). For more information on ***Normal Pension Age*** see the glossary.

What key differences are there if I elected to keep my deferred benefits separate?		
	Combined Benefits	**Separate Benefits**
Redundancy/ Business Efficiency	**Benefits paid early because of redundancy or efficiency would include the value of earlier deferred benefits that have been transferred.** If you are made redundant or lose your job for business efficiency reasons when aged 55 or over then your benefits would be payable immediately and would include the value of the pension that transferred from your deferred benefit.	**Benefits paid early because of redundancy or efficiency in your ongoing employment would <u>not</u> include the value of earlier deferred benefits.** If, in your ongoing employment, you are made redundant or lose your job for business efficiency reasons when aged 55 or over then your benefits from that employment would be payable immediately but would **not** include the value of your deferred benefit (because you had elected to retain that as a separate deferred benefit). Subject to the information in the boxes below, the separate deferred benefits would be payable at your ***Normal Pension Age***.

Ill- health	**Any benefits paid early because of ill-health would include value of earlier deferred benefits that have transferred.** Your benefits will become payable immediately if your employer decides, based on the opinion of an independent doctor that you are permanently unable to perform the duties of your employment due to ill-health and you are not capable of undertaking other gainful employment. Your pension would be paid at an increased level if you are unlikely to be capable of undertaking other gainful employment within 3 years of leaving. The payment would include the value of your pension that transferred from your deferred benefit.	**Benefits paid early because of ill-health in your ongoing employment would <u>not</u> include the value of earlier deferred benefits.** Your benefits from your ongoing employment will become payable immediately if your employer decides, based on the opinion of an independent doctor, that you are permanently unable to perform the duties of your employment due to ill-health and you are not capable of undertaking other gainful employment. Your pension would be paid at an increased level if you are unlikely to be capable of undertaking other gainful employment within 3 years of leaving. The payment would **not** include the value of your deferred benefit (because you elected to retain that as a separate deferred benefit). Your separate deferred benefit may become payable but that would only be if your former employer decided in light of the view from an independent doctor that you are permanently incapable of the job you were working in when you left the employment in respect of which the deferred benefit was awarded and that you are not likely to be capable of undertaking other gainful employment before your ***Normal Pension Age*** or for at least 3 years, whichever is the sooner.
Early payment of benefits	You can voluntarily choose to draw the combined benefits from as early as age 55 (at, normally, a reduced rate to account for the early payment).	You can voluntarily choose to draw benefits from as early as age 55 (at, normally, a reduced rate to account for the early payment).

	However, the combined benefits would be payable at the same time (i.e. cannot be paid at different times) and cannot be paid until you have ceased your ongoing employment.	However, the deferred benefits do not have to be drawn at the same time as the benefits from your ongoing employment. The deferred benefits can be drawn later than, at the same time as or, subject to being at least age 55, earlier than the benefits from your ongoing employment (even if you are still in your ongoing employment at the time you wish to draw the deferred benefits).
Rule of 85 *(see glossary for more information on what this is)*	If your previous benefits are combined with your ongoing employment, and you have ***rule of 85*** protections these protections will also transfer to your ongoing active pension account.	If you decide not to combine your previous benefits with your ongoing active pension account, if you have ***rule of 85*** protections then these continue to apply to your deferred benefits only.
Pay upon which pre 1 April 2014 benefits are calculated	If your previous benefits are combined with your ongoing employment the pre 1 April 2014 element of your benefits will continue to be final salary benefits. They will be calculated using your whole-time equivalent ***final pay*** in the ongoing employment when you cease membership of the LGPS in that employment (based on the definition of ***final pay*** in the final salary scheme). Please note to ensure you get the appropriate level of membership an adjustment is carried out on your pre 1 April 2014 membership as outlined in point (iii) above.	If you decide not to combine your previous benefits with your ongoing active pension account, the pre 1 April 2014 element of your deferred benefit will have been calculated on your whole-time equivalent ***final pay*** in the employment that gave rise to the deferred benefits (based on the definition of ***final pay*** in the final salary scheme).
Cost of living increases	If your previous benefits are combined with your ongoing employment the combined benefits in respect of your post 31 March 2014 membership will be subject to revaluation each year in accordance with HM Treasury Orders. The	The benefits in the active pension account will be subject to revaluation each year in accordance with HM Treasury Orders. The revaluation is currently in line with the rise in the ***Consumer Prices Index*** (see glossary

	revaluation is currently in line with the rise in the ***Consumer Prices Index*** (see glossary for more information). However, in times of negative inflation, the revaluation under a HM Treasury Order could be negative. The combined benefits in respect of your pre 1 April 2014 membership will, as mentioned in the previous entry in this table, continue to be final salary benefits. They will be calculated using your whole-time equivalent ***final pay*** in the ongoing employment when you cease membership of the LGPS in that employment (based on the definition of ***final pay*** in the final salary scheme).	for more information). However, in times of negative inflation, the revaluation under a HM Treasury Order could be negative. The benefits in the deferred pension account will be subject to revaluation each year under the Pensions (Increase) Act 1971. The revaluation is currently in line with the rise in the ***Consumer Prices Index*** (see glossary for more information). In times of negative inflation, the revaluation under the Pensions (Increase) Act 1971 would be 0% (i.e. it cannot be a negative amount).

Are there any other key areas to consider?

Death in Service lump sum
As a member of the LGPS if you die in service a lump sum of three times your annual pensionable pay would normally be payable. If you have a deferred pension and die before it is paid, a lump sum equal to 5 times the deferred pension is paid. However, only one amount for lump sum life cover is payable from the LGPS so, even if you keep your deferred benefits separate from your active pension account, only the greater of the lump sum life cover for your deferred benefit or for your active pension account would be payable.

Paying extra contributions
Have you paid extra contributions towards buying additional pension or membership? These would include Additional Voluntary Contributions (AVCs), Added Years, Additional Regular Contributions (ARCs) or Additional Pension Contributions (APCs). Please read ***paying extra contributions*** in the glossary to find out what your choices in respect of these are.

Transferring the value of your deferred benefit to another pension scheme
Please note that even if you choose not to combine your benefits you will not be able to transfer the value of your deferred benefits to another pension scheme whilst you are contributing to the LGPS or if you have less than one year to go before reaching your ***Normal Pension Age***.

What next?

Please complete the attached option form to tell us whether or not you wish to combine your benefits**. This will enable us to take the appropriate action in respect of your pension rights as quickly as possible. If we do not receive your completed form within 12 months of the date you left the scheme in the employment in respect of which the deferred benefits arose, your deferred benefit for that employment will automatically be transferred to your ongoing active pension account at the end of the 12 month period.

***VARIABLE TEXT - Note for Pension Funds: Where a member has more than one ongoing active employment the member will need to choose which active pension account to combine their deferred benefit with. You will need to provide information to those members who need to make that decision. Suggested text:*
"As you have more than one active pension account (because you have more than one current employment in which you are contributing to the LGPS) you will also, if you decide to combine your benefits, need to decide which active pension account your deferred benefit is combined with."

Scenario B2 - left an employment after 31 March 2014 with an entitlement to a <u>deferred benefit</u> in the LGPS, were in the scheme on both the 31 March and 1 April 2014, and who re-joined the LGPS again without having had a continuous break in active membership of a *public service pension scheme* of more than 5 years since ceasing to be an active member of the LGPS in the employment to which the deferred benefit relates.

(Options available - can retain separate benefits)

Information Member requires:

You have re-joined the Local Government Pension Scheme (LGPS) and we note that you have previous deferred benefits in the LGPS.

If you were awarded those deferred benefits as a result of choosing, on or after 11 April 2015, to opt out of membership of the Scheme, those benefits will remain deferred in the Scheme and you cannot add them to the benefits you are accruing in the Scheme in your current job.

If, however, you were awarded those deferred benefits as a result of ceasing employment, or as a result of choosing, before 11 April 2015, to opt out of membership of the Scheme, you have a decision to make about what should happen to those deferred benefits and this is explained below.

Decision Required

Unless you tell us otherwise, the amount of pension you have built up after 31 March 2014 in your deferred pension account will automatically be transferred and added to your new active pension account and the membership you built up before 1 April 2014 in the final salary scheme will continue to count as final salary membership automatically linked to your new active pension account.

You can elect to keep you deferred benefits separate and, if you wish to do so, this must be done within 12 months of re-joining the scheme and while you are still paying into the scheme.

If you make an election to keep your benefits separate you cannot change your decision. If you do not make a decision within the 12 month period of re-joining the scheme then your deferred benefit will automatically be combined with your new active pension account.

Please note that your employer can extend the 12 month window within which you can elect to keep your benefits separate. However, this is an employer discretion and you would need to speak to your current employer if you wish to seek such an extension.

What do I need to consider before making my decision?

At the moment you have a separate deferred benefit for your previous employment in the LGPS. If you take no action this will be automatically combined with your new active pension account.

You need to think about the following things when considering whether or not you should keep your benefits separate:

- How will the benefits from my previous employment be worked out?
- When will my benefits be payable?
- Are there other key areas to consider?

How will the benefits from my previous employment be worked out?

You have built up benefits in the both the final salary scheme (up to 31 March 2014) and the career average scheme (from 1 April 2014). See ***Working out your benefits in the LGPS*** in the glossary for information on how these benefits are calculated.

If your previous deferred benefit is combined with your new active pension account then:

i) the membership you built up before 1 April 2014 in the final salary scheme will continue to count as final salary membership*. This membership will be linked to your active pension account and when you leave your new employment in the future your ***final pay*** in that employment will be used to work out your final salary benefits for your pre 1 April 2014 membership.

**VARIABLE TEXT (IF REQUIRED) - As the membership in the final salary scheme built-up before 1 April 2014 was variable time and your ongoing employment is not variable time then, to ensure you get the appropriate level of membership for that period, your pre 1 April 2014 membership from the employment that has ceased is adjusted, using the following formula:*

$$\text{Period of membership} \times \frac{\text{Your annual rate of pay in the variable time employment}}{\text{Your annual rate of pay in the ongoing employment}}$$

= adjusted period of membership.

ii) the amount of pension you have built up in the career average scheme from 1 April 2014 would transfer over to your new active pension account.

If you elect to keep separate deferred benefits then your deferred benefits will increase each year in line with inflation, as currently measured by the rise in the ***Consumer Prices Index*** (see glossary for more information).

There are, also other matters that you will need to consider including:

When will my benefits be payable?
For the pension you have built up in the final salary scheme (before 1 April 2014) your ***Normal Pension Age*** would be protected at age 65. For the pension you have built up in the career average scheme (on or after 1 April 2014) your ***Normal Pension Age*** is now linked to your State Pension Age (minimum age 65). For more information on ***Normal Pension Age*** see the glossary.

What key differences are there if I elected to keep my deferred benefits separate?		
	Combined Benefits	**Separate Benefits**
Redundancy/ Business Efficiency	**Benefits paid early because of redundancy or efficiency would include the value of earlier deferred benefits that have been transferred.** If you are made redundant or lose your job for business efficiency reasons when aged 55 or over then your benefits would be payable immediately and would include the value of the pension that transferred from your deferred benefit.	**Benefits paid early because of redundancy or efficiency in your new employment would <u>not</u> include the value of earlier deferred benefits.** If you are made redundant or lose your job for business efficiency reasons when aged 55 or over then your benefits would be payable immediately but would **not** include the value of your deferred benefit (because you had elected to retain that as a separate deferred benefit). Subject to the information in the boxes below, the separate deferred benefits would be payable at your ***Normal Pension Age***.
Ill- health	**Any benefits paid early because of ill-health would include value of earlier deferred benefits that have transferred.** Your benefits will become payable immediately if your employer decides, based on the opinion of an independent doctor that you are permanently unable to perform the duties of your employment	**Benefits paid early because of ill-health would <u>not</u> include the value of earlier deferred benefits.** Your benefits from your new employment will become payable immediately if your employer decides, based on the opinion of an independent doctor, that you are permanently unable to

	due to ill-health and you are not capable of undertaking other gainful employment. Your pension would be paid at an increased level if you are unlikely to be capable of undertaking other gainful employment within 3 years of leaving. The payment would include the value of your pension that transferred from your deferred benefit.	perform the duties of your employment due to ill-health and you are not capable of undertaking other gainful employment. Your pension would be paid at an increased level if you are unlikely to be capable of undertaking other gainful employment within 3 years of leaving. The payment would **not** include the value of your deferred benefit (because you elected to retain that as a separate deferred benefit). Your separate deferred benefit may become payable but that would only be if your former employer decided in light of the view from an independent doctor that you are permanently incapable of the job you were working in when you left the employment in respect of which the deferred benefit was awarded and that you are not likely to be capable of undertaking other gainful employment before your ***Normal Pension Age*** or for at least 3 years, whichever is the sooner.
Early payment of benefits	You can voluntarily choose to draw the combined benefits from as early as age 55 (at, normally, a reduced rate to account for the early payment). However, the combined benefits would be payable at the same time (i.e. cannot be paid at different times) and cannot be paid until you have ceased your new employment.	You can voluntarily choose to draw benefits from as early as age 55 (at, normally, a reduced rate to account for the early payment). However, the deferred benefits do not have to be drawn at the same time as the benefits from your new employment. The deferred benefits can be drawn later than, at the same time as or, subject to being at least age 55, earlier than the benefits from your new employment (even if you are still in your new employment at the time

		you wish to draw the deferred benefits).
Rule of 85 *(see glossary for more information on what this is)*	If your previous benefits are combined with your new employment and you have ***rule of 85*** protections these protections will transfer to your new active pension account. However, the date you meet the ***rule of 85*** may move closer to your ***Normal Pension Age*** because the break in service between your previous period of membership and your new period of membership will not count towards the ***rule of 85***.	If you decide not to combine your previous benefits with your new active pension account and you have ***rule of 85*** protections then these continue to apply to your deferred benefits only.
Pay upon which pre 1 April 2014 benefits are calculated	If your previous benefits are combined with your new employment the pre 1 April 2014 element of your benefits will continue to be final salary benefits. They will be calculated using your whole-time equivalent ***final pay*** in the new employment when you cease membership of the LGPS in that employment (based on the definition of ***final pay*** in the final salary scheme). You will need to consider this point carefully if your whole-time equivalent pay in the new employment is less than the whole-time equivalent pay on which your deferred benefit was awarded (as increased in line with the cost of living).	If you decide not to combine your previous benefits with your new active pension account, the pre 1 April 2014 element of your deferred benefit will have been calculated on your whole-time equivalent ***final pay*** in the employment that gave rise to the deferred benefits (based on the definition of ***final pay*** in the final salary scheme).
Cost of living increases**	If your previous benefits are combined with your new employment the combined benefits in respect of your post 31 March 2014 membership will be subject to revaluation each year in accordance with HM Treasury Orders. The revaluation is currently in line with the rise in the ***Consumer Prices Index*** (see glossary for more information). However, in	The benefits in the active pension account will be subject to revaluation each year in accordance with HM Treasury Orders. The revaluation is currently in line with the rise in the ***Consumer Prices Index*** (see glossary for more information). However, in times of negative inflation, the revaluation under a HM Treasury Order could

	times of negative inflation, the revaluation under a HM Treasury Order could be negative. The combined benefits in respect of your pre 1 April 2014 membership will, as mentioned in the previous entry in this table, continue to be final salary benefits. They will be calculated using your whole-time equivalent ***final pay*** in the new employment when you cease membership of the LGPS in that employment (based on the definition of ***final pay*** in the final salary scheme).	be negative. The benefits in the deferred pension account will be subject to revaluation each year under the Pensions (Increase) Act 1971. Future revaluation is currently in line with the rise in the ***Consumer Prices Index*** (see glossary for more information). In times of negative inflation, the revaluation under the Pensions (Increase) Act 1971 would be 0% (i.e. it cannot be a negative amount).

***VARIABLE TEXT - Note for Pension Fund Administering Authorities: The information for this entry will need to be amended if the Treasury Revaluation Orders and Pension Increase under the Pensions (Increase) Act have differed in any of the years during which the member had been a deferred member and the break between leaving and re-joining the Scheme does not exceed 5 years.*

Are there any other key areas to consider?

Death in Service lump sum
As a member of the LGPS if you die in service a lump sum of three times your annual pensionable pay would normally be payable. If you have a deferred pension and die before it is paid, a lump sum equal to 5 times the deferred pension is paid. However, only one amount for lump sum life cover is payable from the LGPS so, even if you keep your deferred benefits separate from your active pension account, only the greater of the lump sum life cover for your deferred benefit or for your active pension account would be payable.

Annual Allowance Potential Tax Implications
You are advised to be aware of any potential tax implications around combining your deferred benefits with your new active pension account. In the unlikely event that a tax charge would apply your Pension Fund would make you aware of the implications. Please read the glossary for more information on ***annual allowance***.

Paying extra contributions
Have you paid extra contributions towards buying additional pension or membership? These would include Additional Voluntary Contributions (AVCs), Added Years, Additional Regular Contributions (ARCs) or Additional Pension Contributions (APCs). Please read ***paying extra contributions*** in the glossary to find out what your choices in respect of these are.

Transferring the value of your deferred benefit to another pension scheme
Please note that even if you choose not to combine your benefits you will not be able to transfer the value of your deferred benefits to another pension scheme whilst you are contributing to the LGPS or if you have less than one year to go before reaching your ***Normal Pension Age***.

What next?

Please complete the attached option form to tell us whether or not you wish to combine your benefits***. This will enable us to take the appropriate action in respect of your pension rights as quickly as possible. If we do not receive your completed form within 12 months of the date you re-joined the scheme, your previous deferred benefit will automatically be transferred to your new active pension account at the end of the 12 month period.

****VARIABLE TEXT - Note for Pension Funds: Where a member has more than one active employment the member will need to choose which active pension account to combine their deferred benefit account with. You will need to provide information to those members who need to make that decision. Suggested text:*
"As you have more than one active pension account (because you have more than one current employment in which you are contributing to the LGPS) you will also, if you decide to combine your benefits, need to decide which active pension account you wish your deferred benefit to be combined with."

Scenario C2 - left an employment after 31 March 2014 with an entitlement to a <u>deferred benefit</u> in the LGPS, were in the scheme on both the 31 March and 1 April 2014 and who re-joined the LGPS again having had a continuous break in active member of a *public service pension scheme* of more than 5 years since ceasing to be an active member of the LGPS in the employment to which the deferred benefit relates.

(Options available can retain separate benefits)

Information Member requires:

You have re-joined the Local Government Pension Scheme (LGPS). We note that you have previous deferred benefits in the LGPS.

If you were awarded those deferred benefits as a result of choosing, on or after 11 April 2015, to opt out of membership of the Scheme, those benefits will remain deferred in the Scheme and you cannot add them to the benefits you are accruing in the Scheme in your current job.

If, however, you were awarded those deferred benefits as a result of ceasing employment, or as a result of choosing, before 11 April 2015, to opt out of membership of the Scheme, you have a decision to make about what should happen to those deferred benefits and this is explained below.

Decision Required

Unless you tell us otherwise, your deferred benefit will automatically be combined with your new active pension account.

You can elect to keep you deferred benefits separate and, if you wish to do so, this must be done within 12 months of re-joining the scheme and while you are still paying into the scheme.

If you make an election to keep your benefits separate you cannot change your decision. If you do not make a decision within the 12 month period of re-joining the scheme then your deferred benefit will automatically be combined with your new active pension account.

Please note that your employer can extend the 12 month window within which you can elect to keep your benefits separate. However, this is an employer discretion and you would need to speak to your current employer if you wish to seek such an extension.

What do I need to consider before making my decision?

At the moment you have separate deferred benefits for your previous employment in the LGPS. If you take no action these will be automatically combined with your new pension account.

You need to think about the following things when considering whether or not you should keep your benefits separate:

- How will the benefits from my previous employment be worked out?
- When will my benefits be payable?
- Are there other key areas to consider?

How will the benefits from my previous employment be worked out?

You have built up benefits in the both the final salary scheme (up to 31 March 2014) and the career average scheme (from 1 April 2014). See ***Working out your benefits in the LGPS*** the glossary for information on how these benefits are calculated.

If your previous deferred benefit is combined with your new active pension account then:

i) the membership you built up before 1 April 2014 in the final salary scheme will no longer count as final salary membership. Instead the value of benefits built up before 1 April 2014 in the final salary scheme will buy an amount of earned pension in the career average scheme which will be added into your new active pension account.
ii) the amount of pension you have built up in the career average scheme from 1 April 2014 would transfer over to your new active pension account.

If you elect to retain separate benefits then your deferred benefit will remain as previously worked out i.e.:

i) that part of your deferred benefit which was based on your pre 1 April 2014 final salary membership of the LGPS will have been worked out on your whole-time equivalent ***final pay*** in the employment that gave rise to the deferred benefit, and

ii) you will have an amount of pension built up in the career average scheme after 1 April 2014 and the date you left the LGPS in the employment that gave rise to the deferred benefit.

If you elect to keep separate deferred benefits then your deferred benefits will increase each year in line with inflation, as currently measured by the rise in the ***Consumer Prices Index*** (see glossary for more information).

When will my benefits be payable?

If your previous deferred benefit is combined with your new active pension account then all your combined benefits will be payable at the ***Normal Pension Age*** for the scheme from 1 April 2014. Therefore, your ***Normal Pension Age*** would be the same as your State Pension Age (minimum age 65). For more information on ***Normal Pension Age*** see the glossary.

Rule of 85 protections will continue for some members in relation to some of their membership, see the information below on ***rule of 85*** protections.

If you elect to keep your deferred benefits separate then the date these are payable would remain the same with your ***Normal Pension Age*** being age 65 for benefits built up to 31 March 2014 and for benefits built up from 1 April 2014 your ***Normal Pension Age*** is linked to your State Pension Age (minimum age 65). For more information on ***Normal Pension Age*** see the glossary.

Rule of 85

If your previous benefits are combined with your new employment, the value of those benefits buys an amount of earned pension in the career average scheme and any ***rule of 85*** protection you previously had will be reflected in the amount of earned pension bought. Therefore, to reflect the fact that those earlier benefits would now be payable unreduced at your ***Normal Pension Age*** under the career average scheme (i.e. the same as your State Pension Age, with a minimum age of 65) the amount of earned pension bought by the transferred benefits would be higher because you previously had ***rule of 85*** protection. In addition, if your previous benefits are combined with your new employment, there are further protections for ***rule of 85*** if you are close to retirement including.

- **If you will be age 60 or over by 31 March 2016 and re-join the scheme before 1 April 2016** then the ***rule of 85*** will continue to apply to the membership you build up between re-joining the scheme and 31 March 2016 (although the date you meet the ***rule of 85*** may move closer to your ***Normal Pension Age*** because the break in service between your previous period of membership and your new period of membership will not count towards the ***rule of 85***). However, the ***rule of 85*** will not continue to apply to the amount of earned pension bought when you combined your deferred pension (but the amount of earned pension bought will include an amount to compensate for the loss of ***rule of 85*** protection on that pension).
- **If you will be age 60 between 1 April 2016 and 31 March 2020 and re-join the scheme before 1 April 2020** then the ***rule of 85*** will continue to apply to the membership you build up between re-joining the scheme and 31 March 2020 (although the date you meet the ***rule of 85*** may move closer to your ***Normal Pension Age*** because the break in service between your previous

period of membership and your new period of membership will not count towards the ***rule of 85***). However, the ***rule of 85*** will not continue to apply to the amount of earned pension bought when you combined your deferred pension (but the amount of earned pension bought will include an amount to compensate for the loss of ***rule of 85*** protection on that pension).

If you decide not to combine your previous deferred benefits with your new active pension account and you have ***rule of 85*** protections then these would continue to apply, but to your deferred benefits only.

What key differences are there if I elected to keep my deferred benefits separate?		
	Combined Benefits	**Separate Benefits**
Redundancy/ Business Efficiency	**Benefits paid early because of redundancy or efficiency would include the value of earlier deferred benefits that have been transferred.** If you are made redundant or lose your job for business efficiency reasons when aged 55 or over then your benefits would be payable immediately and would include the value of the pension that transferred from your deferred benefit.	**Benefits paid early because of redundancy or efficiency in your new employment would <u>not</u> include the value of earlier deferred benefits.** If you are made redundant or lose your job for business efficiency reasons when aged 55 or over then your benefits would be payable immediately but would **not** include the value of your deferred benefit (because you had elected to retain that as a separate deferred benefit). Subject to the information in the boxes below, the separate deferred benefits would be payable at your ***Normal Pension Age***.
Ill- health	**Any benefits paid early because of ill-health would include value of earlier deferred benefits that have transferred.** Your benefits will become payable immediately if your employer decides, based on the opinion of an independent doctor that you are permanently unable to perform the duties of your employment due to ill-health and you are not capable of undertaking other gainful employment.	**Benefits paid early because of ill-health would <u>not</u> include the value of earlier deferred benefits.** Your benefits from your new employment will become payable immediately if your employer decides, based on the opinion of an independent doctor, that you are permanently unable to perform the duties of your employment due to ill-health and you are not capable of

	Your pension would be paid at an increased level if you are unlikely to be capable of undertaking other gainful employment within 3 years of leaving. The payment would include the value of your pension that transferred from your deferred benefit.	undertaking other gainful employment. Your pension would be paid at an increased level if you are unlikely to be capable of undertaking other gainful employment within 3 years of leaving. The payment would **not** include the value of your deferred benefit (because you elected to retain that as a separate deferred benefit). Your separate deferred benefit may become payable but that would only be if your former employer decided in light of the view from an independent doctor that you are permanently incapable of the job you were working in when you left the employment in respect of which the deferred benefit was awarded and that you are not likely to be capable of undertaking other gainful employment before your ***Normal Pension Age*** or for at least 3 years, whichever is the sooner.
Early payment of benefits	You can voluntarily choose to draw the combined benefits from as early as age 55 (at, normally, a reduced rate to account for the early payment). However, the combined benefits would be payable at the same time (i.e. cannot be paid at different times) and cannot be paid until you have ceased your new employment.	You can voluntarily choose to draw benefits from as early as age 55 (at, normally, a reduced rate to account for the early payment). However, the deferred benefits do not have to be drawn at the same time as the benefits from your new employment. The deferred benefits can be drawn later than, at the same time as or, subject to being at least age 55, earlier than the benefits from your new employment (even if you are still in your new employment at the time you wish to draw the deferred benefits).

Cost of living increases	The combined benefits will be subject to revaluation each year in accordance with HM Treasury Orders. The revaluation is currently in line with the rise in the ***Consumer Prices Index*** (see glossary for more information). However, in times of negative inflation, the revaluation under a HM Treasury Order could be negative.	The benefits in the active pension account will be subject to revaluation each year in accordance with HM Treasury Orders. The revaluation is currently in line with the rise in the ***Consumer Prices Index*** (see glossary for more information). However, in times of negative inflation, the revaluation under a HM Treasury Order could be negative. The benefits in the deferred pension account will be subject to revaluation each year under the Pensions (Increase) Act 1971. Future revaluation is currently in line with the rise in the ***Consumer Prices Index*** (see glossary for more information). In times of negative inflation, the revaluation under the Pensions (Increase) Act 1971 would be 0% (i.e. it cannot be a negative amount).

Death in Service lump sum

As a member of the LGPS if you die in service a lump sum of three times your annual pensionable pay would normally be payable. If you have a deferred pension and die before it is paid, a lump sum equal to 5 times the deferred pension is paid. However, only one amount for lump sum life cover is payable from the LGPS so, even if you keep your deferred benefits separate from your active pension account only the greater of the lump sum life cover for your deferred benefit or for your active pension account would be payable.

Annual Allowance Potential Tax Implications

You are advised to be aware of any potential tax implications around combining your deferred benefits with your new active pension account. In the unlikely event that a tax charge would apply your Pension Fund would make you aware of the implications. Please read the glossary for more information on ***annual allowance***.

Paying extra contributions

Have you paid extra contributions towards buying additional pension or membership? These would include Additional Voluntary Contributions (AVCs), Added Years, Additional Regular Contributions (ARCs) or Additional Pension Contributions (APCs). Please read ***paying extra contributions*** in the glossary to find out what your choices in respect of these are.

Transferring the value of your deferred benefit to another pension scheme
Please note that even if you choose not to combine your benefits you will not be able to transfer the value of your deferred benefits to another pension scheme whilst you are contributing to the LGPS or if you have less than one year to go before reaching your ***Normal Pension Age***.

What next?

Please complete the attached option form to tell us whether or not you wish to combine your benefits*. This will enable us to take the appropriate action in respect of your pension rights as quickly as possible. If we do not receive your completed form within 12 months of the date you re-joined the scheme, your previous deferred benefit will automatically be transferred to your new active pension account at the end of the 12 month period.

**VARIABLE TEXT - Note for Pension Funds: Where a member has more than one active employment the member will need to choose which active pension account to combine their deferred benefit account with. You will need to provide information to those members who need to make that decision. Suggested text:*
"As you have more than one active pension account (because you have more than one current employment in which you are contributing to the LGPS) you will also, if you decide to combine your benefits, need to decide which active pension account you wish your deferred benefit to be combined with."

Scenario D1 - left an employment before 1 April 2014 with an entitlement to a <u>deferred refund</u> in the LGPS and now re-joined the LGPS

(No options available - must combine)

Information Member requires:

You have re-joined the Local Government Pension Scheme (LGPS) and we note you have a deferred refund in the Scheme. As you have now re-joined the LGPS you are no longer eligible to take the refund of the contributions and so the benefits in respect of the deferred refund will automatically be transferred to, and buy an amount of earned pension, in your new active pension account.*

**VARIABLE TEXT - Note for Pension Funds: Where a member has more than one active employment the member will need to choose which active pension account to combine their deferred refund account with. You will need to provide information to those members who need to make that decision. Suggested text:*
"As you have more than one active pension account (because you have more than one current employment in which you are contributing to the LGPS) you will need to decide which active pension account you wish the benefits from your deferred refund to be combined with."

The ***Normal Pension Age*** for the earned pension transferred over to your new active pension account will be the same as your State Pension Age (minimum age 65). See the glossary for more information on ***Normal Pension Age***.

Scenario D2 - left an employment before 1 April 2014 with an entitlement to a deferred benefit in the LGPS who re-joined the LGPS again without having had a continuous break in active membership of a *public service pension scheme* of more than 5 years since ceasing to be an active member of the LGPS in the employment to which the deferred benefit relates.

(Options available:

- **elect to be treated as if was an active member on 31 March and 1 April 2014 and combine,**
- **does not elect to be treated as if was an active member on 31 March and 1 April 2014 and combine, or**
- **does not elect to be treated as if was an active member on 31 March and 1 April 2014 and retain separate benefits)**

Information Member requires:

You have re-joined the Local Government Pension Scheme (LGPS) and we note that you have previous deferred benefits in the LGPS. You therefore have a decision to make about what should happen to those deferred benefits.

You have three options available and you need to consider which one you wish to elect for.

Decision Required

Option 1 - You can elect to combine your pre 1 April 2014 final salary membership with your new active pension account* so that it continues to count as final salary scheme membership**.

If you choose option 1 you must make that election within 12 months of re-joining the scheme and while you are still paying into the scheme.

Option 2 - You can elect to combine your deferred benefit with your new pension account* to buy an amount of earned pension in the career average scheme which will be added into your new active pension account.

Option 3 - You can elect to keep your deferred benefit separate from your new active pension account.

Once you have chosen which option you wish to proceed with you cannot change your decision. If you do not elect for options 1 or 2 then your deferred benefit will remain separate from your new active pension account.

**VARIABLE TEXT - Note for Pension Funds: Where a member has more than one active employment the member will need to choose which active pension account to combine their deferred benefit account with. You will need to provide information to those members who need to make that decision. Suggested text:*
"As you have more than one active pension account (because you have more than one current employment in which you are contributing to the LGPS) you will also, if you decide to combine your benefits, need to decide which active pension account you wish your deferred benefit to be combined with."

***VARIABLE TEXT (IF REQUIRED) - As the membership in the final salary scheme built-up before 1 April 2014 was variable time and your ongoing employment is not variable time then, to ensure you get the appropriate level of membership for that period, your pre 1 April 2014 membership from the employment that has ceased is adjusted, using the following formula:*

$$\text{Period of membership} \times \frac{\text{Your annual rate of pay in the variable time employment}}{\text{Your annual rate of pay in the ongoing employment}}$$
$$= \text{adjusted period of membership.}$$

What do I need to consider before making my decision?

At the moment you have a separate deferred benefit for your previous employment in the LGPS. If you take no action then your deferred benefit will remain separate from your new active pension account.

You need to think about the following things when considering whether or not you should keep your benefits separate:

- How will the benefits from my previous employment be worked out?
- When will my benefits be payable?
- Are there other key areas to consider?

Option 1 - You can elect to combine your pre 1 April 2014 final salary membership with your new active pension account so that it continues to count as final salary scheme membership.

To do this you need to elect within 12 months of re-joining the scheme to be treated as if you were an active member of the scheme on both the 31 March and 1 April 2014. If you make this election your pre 1 April 2014 membership will be attached to your new pension account and the benefits in respect of that membership will continue to count as a final salary membership. This means that, when you cease membership of the LGPS at some point in the future in your new employment, the benefits in respect of your pre 1 April 2014 membership would be calculated using your whole-time equivalent ***final pay*** in that employment (based on the definition of ***final pay*** in the final salary scheme).

You will need to consider this point carefully when deciding whether or not to elect for option 1, particularly if your whole-time equivalent pay in the new employment is less than the whole-time equivalent ***final pay*** on which your deferred benefit was awarded (as increased in line with the cost of living).

If you decide not to combine your previous benefits with your new active pension account, your deferred benefit (which will have been calculated on your whole-time equivalent ***final pay*** in the employment that gave rise to the deferred benefits) will continue to be increased in line with inflation.

There are, also other matters that you will need to consider including:

When will my benefits be payable?

If you choose option 1 then the date your pre 1 April 2014 benefits are payable from would be age 65 i.e. your ***Normal Pension Age*** for those benefits would be age 65.

For the benefits you build up in the career average scheme (after 31 March 2014) your ***Normal Pension Age*** is linked to your State Pension Age (minimum age 65). If your deferred benefits are combined with your new active pension account and any final salary benefits you have previously built up continue to be counted as final salary benefits then they will continue to have a Normal Pension Age of 65.

For more information on ***Normal Pension Age*** see the glossary.

Rule of 85
If your previous benefits are combined with your new employment and you have ***rule of 85*** protections these protections will transfer to your new active pension account. However, the date you meet the ***rule of 85*** may move closer to your ***Normal Pension Age*** because the break in service between your previous period of membership and your new period of membership will not count towards the ***rule of 85***.

If you decide **not** to combine your previous benefits with your new active pension account and you have ***rule of 85*** protections then these continue to apply to your deferred benefits only.

For more information on the ***rule of 85*** see the glossary.

Option 2 - You can elect to combine your deferred benefit with your new pension account to buy an amount of earned pension in the career average scheme which will be added into your new active pension account.

If you choose option 2 your previous deferred benefit will be combined with your new active pension account and the membership you built up before 1 April 2014 in the final salary scheme will no longer count as final salary membership. Instead the value of benefits built up before 1 April 2014 in the final salary scheme will buy an amount of earned pension in the career average scheme which will be added into your new active pension account.

When will my benefits be payable?

If you choose option 2 then your combined benefits will be payable at your ***Normal Pension Age*** under the career average scheme which will be the same as your State Pension Age (minimum age 65). For more information on ***Normal Pension Age*** see the glossary.

Rule of 85
If you choose option 2, any ***rule of 85*** protection you previously had will be reflected in the amount of earned pension bought. Therefore, to reflect the fact that those earlier benefits would now be payable unreduced at your ***Normal Pension Age*** under the career average scheme (i.e. the same as your State Pension Age, with a minimum age of 65) the amount of earned pension bought by the transferred benefits would be higher because you previously had ***rule of 85*** protection.

In addition, if your previous benefits are combined with your new employment under option 2, there are further protections for ***rule of 85*** if you are close to retirement including:

- **If you will be age 60 or over by 31 March 2016 and re-join the scheme before 1 April 2016** then the ***rule of 85*** will continue to apply to the membership you build up between re-joining the scheme and 31 March 2016 (although the date you meet the ***rule of 85*** may move closer to your ***Normal Pension Age*** because the break in service between your previous period of membership and your new period of membership will not count towards the ***rule of 85***). However, the ***rule of 85*** will not continue to apply to the amount of earned pension bought when you combined your deferred pension (but the amount of earned pension bought will include an amount to compensate for the loss of ***rule of 85*** protection on that pension).
- **If you will be age 60 between 1 April 2016 and 31 March 2020 and re-join the scheme before 1 April 2020** then the ***rule of 85*** will continue to apply to the membership you build up between re-joining the scheme and 31 March 2020 (although the date you meet the ***rule of 85*** may move closer to your ***Normal Pension Age*** because the break in service between your previous period of membership and your new period of membership will not count towards the ***rule of 85***). However, the ***rule of 85*** will not continue to apply to the amount of earned pension bought when you combined your deferred pension (but the amount of earned pension bought will include an amount to compensate for the loss of ***rule of 85*** protection on that pension).

Option 3 - **You can elect to keep you deferred benefits separate from your new active pension account**

If you decide not to combine your deferred benefits or you do not make an election within 12 months of re-joining the scheme then your deferred benefits will remain separate.

How will the benefits from my previous employment be worked out?

If you choose option 3 your deferred benefit will remain as previously calculated and held with your previous Pension Fund (where applicable). See ***Working out your benefits in the LGPS*** the accompanying glossary for information on how these benefits are calculated.

The deferred benefit will increase each year in line with inflation, as currently measured by the rise in the ***Consumer Prices Index*** (see glossary for more information).

When will my deferred benefits be payable?

The date your deferred benefits are payable would remain the same, with your ***Normal Pension Age*** being

- age 65, or
- if the deferred benefits relate to a period of membership that ended before 1 October 2006 and you were a member of the scheme before 1 April 1998, a date somewhere between 60 and 65.

For more information on ***Normal Pension Age*** see the glossary.

Rule of 85

If you chose option 3 (i.e. decide not to combine your previous benefits with your new active pension account) and you have ***rule of 85*** protections, then these continue to apply to your deferred benefits only.

For more information on the ***rule of 85*** see the glossary.

What key differences are there if I elected to keep my deferred benefits separate?		
	Combined Benefits	**Separate Benefits**
Redundancy/ Business Efficiency	**Benefits paid early because of redundancy or efficiency would include the value of earlier deferred benefits that have been transferred.** If you are made redundant or lose your job for business efficiency reasons when aged 55 or over then your benefits would be payable immediately and would include the value of the pension that transferred from your deferred benefit.	**Benefits paid early because of redundancy or efficiency in your new employment would <u>not</u> include the value of earlier deferred benefits.** If you are made redundant or lose your job for business efficiency reasons when aged 55 or over then your benefits would be payable immediately but would **not** include the value of your deferred benefit (because you had elected to retain that as a separate deferred benefit). Subject to the information in the boxes below, the separate deferred benefits would be payable at your ***Normal Pension Age***.
Ill- health	**Any benefits paid early because of ill-health would include value of earlier deferred benefits that have transferred.** Your benefits will become payable immediately if your employer decides, based on the opinion of an independent doctor that you are permanently unable to perform the duties of your employment due to ill-health and you are not capable of undertaking other gainful employment. Your pension would be paid at an increased level if you are unlikely to be capable of undertaking other gainful employment within 3 years of	**Benefits paid early because of ill-health would <u>not</u> include the value of earlier deferred benefits.** Your benefits from your new employment will become payable immediately if your employer decides, based on the opinion of an independent doctor, that you are permanently unable to perform the duties of your employment due to ill-health and you are not capable of undertaking other gainful employment. Your pension would be paid at an increased level if you are unlikely to be capable of undertaking other

	leaving. The payment would include the value of your pension that transferred from your deferred benefit.	gainful employment within 3 years of leaving. The payment would **not** include the value of your deferred benefit (because you elected to retain that as a separate deferred benefit). Your separate deferred benefit may become payable but that would only be if your former employer decided in light of the view from an independent doctor that you are permanently incapable of the job you were working in when you left the employment in respect of which the deferred benefit was awarded and, if the deferred benefits arose as a result of ceasing membership of the scheme after 31 March 2008, that you are not likely to be capable of undertaking other gainful employment before your ***Normal Pension Age*** or for at least 3 years, whichever is the sooner.
Early payment of benefits	You can voluntarily choose to draw the combined benefits from as early as age 55 (at, normally, a reduced rate to account for the early payment). However, the combined benefits would be payable at the same time (i.e. cannot be paid at different times) and cannot be paid until you have ceased your new employment.	You can voluntarily choose to draw: a) your deferred benefit from as early as age 60 or, with your former employer's consent, from as early as age 50 if the deferred benefits arose as a result of ceasing membership of the scheme after 31 March 1998 and before 1 April 2008, or age 55 if the deferred benefits arose as a result of ceasing membership of the scheme after 31 March 2008 (at, normally, a reduced rate to account for the early payment) and b) the pension you build up in your pension

		account in your new employment from as early as age 55 (at, normally, a reduced rate to account for the early payment). The deferred benefits do not have to be drawn at the same time as the benefits from your new employment. The deferred benefits can be drawn later than, at the same time as or, subject to being the minimum age shown in (a) above and, where necessary, obtaining your former employer's permission, earlier than the benefits from your new employment (even if you are still in your new employment at the time you wish to draw the deferred benefits, provided the deferred benefits relate to a period of membership that ended after 31 March 1998). However, if the deferred benefits relate to a period of membership that ended before 1 April 1998, the earliest you can voluntarily draw the deferred benefits is: - age 60, if you are not then in an employment that offers LGPS membership, or - if, at age 60, you are in an employment that offers LGPS membership, the earlier of: (i) the date you cease such employment, or (ii) your Normal Pension Age in relation to those deferred benefits (see the glossary).
Cost of living	If you choose option 1, the	The benefits in the active

increases	combined benefits in respect of your post 31 March 2014 membership will be subject to revaluation each year in accordance with HM Treasury Orders. The revaluation is currently in line with the rise in the ***Consumer Prices Index*** (see glossary for more information). However, in times of negative inflation, the revaluation under a HM Treasury Order could be negative. The benefits in respect of your pre 1 April 2014 membership will continue to be final salary benefits. They will be calculated using your whole-time equivalent ***final pay*** in the new employment when you cease membership of the LGPS in that employment (based on the definition of ***final pay*** in the final salary scheme). If you choose option 2, the combined benefits in respect of both your pre 1 April 2014 and post 31 March 2014 membership will be subject to revaluation each year in accordance with HM Treasury Orders. The revaluation is currently in line with the rise in the ***Consumer Prices Index*** (see glossary for more information). However, in times of negative inflation, the revaluation under a HM Treasury Order could be negative.	pension account for your new employment will be subject to revaluation each year in accordance with HM Treasury Orders. The revaluation is currently in line with the rise in the ***Consumer Prices Index*** (see glossary for more information). However, in times of negative inflation, the revaluation under a HM Treasury Order could be negative. The benefits in the deferred pension account will be subject to revaluation each year under the Pensions (Increase) Act 1971. Future revaluation is currently in line with the rise in the ***Consumer Prices Index*** (see glossary for more information). In times of negative inflation, the revaluation under the Pensions (Increase) Act 1971 would be 0% (i.e. it cannot be a negative amount).

Death in Service lump sum

As a member of the LGPS if you die in service a lump sum of three times your annual pensionable pay would normally be payable. If you have a deferred pension and die before it is paid, a lump sum equal to 5 times the deferred pension is paid if the deferred benefits relate to a period of membership that ended after 31 March 2008, or a lump sum equal to 3 times the deferred pension is paid if the deferred benefits relate to a period of membership that ended before 1 April 2008. However, only one amount for lump sum life cover is payable from the LGPS so, even if you keep your deferred benefits separate from your active pension account only the greater of the lump sum life cover for your deferred benefit or for your active pension account would be payable.

Annual Allowance Potential Tax Implications
You are advised to be aware of any potential tax implications around combining your deferred benefits under option 1 and option 2 with your new active pension account. In the unlikely event that a tax charge would apply your Pension Fund would make you aware of the implications. Please read the glossary for more information on ***annual allowance***.

Paying extra contributions
Have you paid extra contributions towards buying additional pension or membership? These would include Additional Voluntary Contributions (AVCs), Added Years or Additional Regular Contributions (ARCs). Please read ***paying extra contributions*** in the glossary to find out what your choices in respect of these are.

Transferring the value of your deferred benefit to another pension scheme
Please note that even if you choose not to combine your benefits you will not be able to transfer the value of your deferred benefits to another pension scheme whilst you are contributing to the LGPS or if you have less than one year to go before reaching your ***Normal Pension Age***.

If you applied to HMRC for, and hold, Fixed Protection 2012, Fixed Protection 2014 or Enhanced Protection, please read the following notes.

i) if you hold Fixed Protection 2012, Fixed Protection 2014 or Enhanced Protection you will lose the relevant protection if you join the LGPS and you **do not aggregate** your benefits (as the new period of membership in the LGPS will be treated as a new pension 'arrangement'). If you wish to retain your Fixed Protection 2012, Fixed Protection 2014 or Enhanced Protection it will be necessary to opt out of the LGPS within 3 months of joining, thereby ensuring you are treated as never having been a member of the scheme on this occasion.

ii) if you hold Fixed Protection 2012 or Fixed Protection 2014 you will lose the relevant protection if:
- you join the LGPS, and
- **aggregate** your benefits, and
- **HMRC were to deem** this to be a new pension 'arrangement'.

However, we understand that the Department for Communities and Local Government, being the department responsible to the relevant Minister (the 'responsible authority' under the Public Service Pensions Act 2013) take the view that the relevant LGPS Regulations provide a **single** arrangement within a single scheme. HMRC have indicated that, in individual cases, they are not in a position to say whether or not they agree with that view. If the DCLG view is correct and **HMRC do not deem** it to be a new pension 'arrangement' you will not lose protection unless you have 'benefit accrual'. You would lose Fixed Protection 2012 or Fixed Protection 2014 at the point at which 'benefit accrual' occurs (which could be immediately upon aggregation or at some point thereafter) - see http://www.hmrc.gov.uk/manuals/ptmanual/ptm093500.htm for more information on 'benefit accrual'.

If you wish to make certain that you retain your Fixed Protection 2012 or Fixed Protection 2014 it will be necessary to opt out of the LGPS within 3 months of joining, thereby ensuring you are treated as never having been a member of the scheme on this occasion.

iii) if you hold Enhanced Protection you will lose that protection if:
- you join the LGPS, and
- **aggregate** your benefits, and
- **HMRC were to deem** this to be a new pension 'arrangement'.

We understand that the Department for Communities and Local Government, being the department responsible to the relevant Minister (the 'responsible authority' under the Public Service Pensions Act 2013) takes the view that the relevant LGPS Regulations provide a **single** arrangement within a single scheme. HMRC have indicated that, in individual cases, they are not in a position to say whether or not they agree with that view.

If the DCLG view is correct and **HMRC do not deem** it to be a new pension 'arrangement' you will not lose protection even if you then have 'relevant benefit accrual' (i.e. benefits at retirement exceed the value of your benefits at 5 April 2006 as increased after then, in general terms, by the greater of 5% per annum, the increase in the cost of living or increases in your pensionable pay). This is because you would be able to notionally split the crystallisation of your defined benefit rights on retirement. This would allow you to reduce your tax liability by crystallising benefits below the 'relevant benefit accrual' limit so Enhanced Protection would be retained during that crystallisation. When the remaining benefits are crystallised, Enhanced Protection on those benefits would be lost. You would lose the Enhanced Protection if you were to pay contributions into a money purchase pension arrangement (e.g. you were to pay into the LGPS AVC facility) other than to a life assurance policy providing death benefits that started before 6 April 2006, or if you were to start a new pension arrangement, or if you were to transfer your LGPS benefits to another defined benefit pension scheme.

If you wish to make certain that you retain your Enhanced Protection it will be necessary to opt out of the LGPS within 3 months of joining, thereby ensuring you are treated as never having been a member of the scheme on this occasion.

The above is summarised in the following table:

Assuming you do not opt out within 3 months	HMRC position	Fixed Protection 12	Fixed Protection 14	Enhanced Protection
You have a deferred benefit in the LGPS, re-join the LGPS and you do not aggregate benefits	n/a	lost	lost	lost
You have a deferred benefit in the LGPS which includes pre 1.4.14 membership, re-join the LGPS and you aggregate benefits	if separate arrangement	lost	lost	lost
You have a deferred benefit in the LGPS which includes pre 1.4.14 membership, re-join the LGPS and you aggregate benefits	if same arrangement	lost if benefit accrual occurs	lost if benefit accrual occurs	not lost - notional split benefits
If you opt out within 3 months you would be treated as never having been a member of the scheme and your protection would not be lost.				

What next?

Please complete the attached option form to tell us whether or not you wish to combine your benefits and, if you do, whether you wish to elect for option 1 or option 2*. This will enable us to take the appropriate action in respect of your pension rights as quickly as possible. If we do not receive your completed form within 12 months of the date you re-joined the scheme, your previous deferred benefit will remain separate and held in your previous Pension Fund (where applicable).

**VARIABLE TEXT - Note for Pension Funds: Where a member has more than one active employment the member will need to choose which active pension account to combine their deferred benefit account with. You will need to provide information to those members who need to make that decision. Suggested text:*
"As you have more than one active pension account (because you have more than one current employment in which you are contributing to the LGPS) you will also, if you decide to combine your benefits, need to decide which active pension account you wish your deferred benefit to be combined with."

Scenario D3 - left an employment before 1 April 2014 with an entitlement to a deferred benefit in the LGPS and re-joined the LGPS again having had a continuous break in active membership of a *public service pension scheme* of more than 5 years since ceasing to be an active member of the LGPS in the employment to which the deferred benefit relates.

(Options available - Elect to combine as career average benefits or retain separate benefits)

Information Member requires:

You have re-joined the Local Government Pension Scheme (LGPS). We note that you have previous deferred benefits in the LGPS. You therefore have a decision to make about what should happen to those deferred benefits.

You have two options available and you need to consider which one you wish to elect for.

Decision Required

Option 1 - You can elect to combine your deferred benefit with your new pension account to buy an amount of earned pension in the career average scheme which will be added into your new active pension account.

Option 2 - You can elect to keep you deferred benefits separate from your new active pension account.

Once you have chosen which option you wish to proceed with you cannot change your decision. If you do not make a decision within the 12 month period of re-joining the scheme then your deferred benefit will remain separate from your new active pension account.

What do I need to consider before making my decision?

At the moment you have a separate deferred benefit for your previous employment in the LGPS. If you take no action then your deferred benefit will remain separate from your new active pension account.

You need to think about the following things when considering whether or not you should keep your benefits separate:

- How will the benefits from my previous employment be worked out?
- When will my benefits be payable?
- Are there other key areas to consider?

Option 1 - You can elect to combine your deferred benefit with your new pension account to buy an amount of earned pension in the career average scheme which will be added into your new active pension account.

If you choose this option your previous deferred benefit will be combined with your new active pension account and the membership you built up before 1 April 2014 in the final salary scheme will no longer count as final salary membership. Instead the value of benefits built up before 1 April 2014 in the final salary scheme will buy an amount of earned pension in the career average scheme which will be added into your new active pension account.

When will my benefits be payable?

If you choose this option then your combined benefits will be payable at your ***Normal Pension Age*** under the career average scheme which will be the same as your State Pension Age (minimum age 65). For more information on ***Normal Pension Age*** see the glossary.

Rule of 85

If you choose option 1, any ***rule of 85*** protection you previously had will be reflected in the amount of earned pension bought. Therefore, to reflect the fact that those earlier benefits would now be payable unreduced at your ***Normal Pension Age*** under the career average scheme (i.e. the same as your State Pension Age, with a minimum age of 65) the amount or earned pension bought by the transferred benefits would be higher because you previously had ***rule of 85*** protection.

In addition, if your previous benefits are combined with your new employment under option 1, there are further protections for ***rule of 85*** if you are close to retirement including:

- **If you will be age 60 or over by 31 March 2016 and re-join the scheme before 1 April 2016** then the ***rule of 85*** will continue to apply to the membership you build up between re-joining the scheme and 31 March 2016 (although the date you meet the ***rule of 85*** may move closer to your ***Normal Pension Age*** because the break in service between your previous period of membership and your new period of membership will not count towards the ***rule of 85***). However, the ***rule of 85*** will not continue to apply to the amount of earned pension bought when you combined your deferred pension (but the amount of earned pension bought will include an amount to compensate for the loss of ***rule of 85*** protection on that pension).
- **If you will be age 60 between 1 April 2016 and 31 March 2020 and re-join the scheme before 1 April 2020** then the ***rule of 85*** will continue to apply to the membership you build up between re-joining the scheme and 31 March 2020 (although the date you meet the ***rule of 85*** may move closer to your ***Normal Pension Age*** because the break in service between your previous period of membership and your new period of membership will not count towards the ***rule of 85***). However, the ***rule of 85*** will not continue to apply to the amount of earned pension bought when you combined your deferred pension (but the amount of earned pension bought will include an amount to compensate for the loss of ***rule of 85*** protection on that pension).

Option 2 - You can elect to keep you deferred benefits separate from your new active pension account

If you decide not to combine your deferred benefits then your deferred benefits will remain separate.

How will my benefits be worked out?
If you choose option 2 your deferred benefit will remain as previously calculated and held with your previous Pension Fund (where applicable). See ***Working out your benefits in the LGPS*** the glossary for information on how these benefits are calculated.

The deferred benefit will increase each year in line with inflation, as currently measured by the rise in the ***Consumer Prices Index*** (see glossary for more information).

When will my deferred benefits be payable?
The date your deferred benefits are payable would remain the same, with your ***Normal Pension Age*** being

- age 65, or
- if the deferred benefits relate to a period of membership that ended before 1 October 2006 and you were a member of the scheme before 1 April 1998, a date somewhere between 60 and 65.

For more information on ***Normal Pension Age*** see the glossary.

Rule of 85
If you choose option 2 (i.e. decide not to combine your previous benefits with your new active pension account) and you have ***rule of 85*** protections then these continue to apply to your deferred benefits only.

For more information on the ***rule of 85*** see the glossary**.**

What key differences are there if I elected to keep my deferred benefits separate?		
	Combined Benefits	**Separate Benefits**
Redundancy/ Business Efficiency	**Benefits paid early because of redundancy or efficiency would include the value of earlier deferred benefits that have been transferred.** If you are made redundant or lose your job for business efficiency reasons when aged 55 or over then your benefits would be payable immediately and would include the value of the pension that transferred from your deferred benefit.	**Benefits paid early because of redundancy or efficiency in your new employment would <u>not</u> include the value of earlier deferred benefits.** If you are made redundant or lose your job for business efficiency reasons when aged 55 or over then your benefits would be payable immediately but would **not** include the value of your deferred benefit (because you had elected to retain that as a separate deferred benefit). Subject to the information in the boxes below, the separate

		deferred benefits would be payable at your ***Normal Pension Age***.
Ill- health	**Any benefits paid early because of ill-health would include value of earlier deferred benefits that have transferred.** Your benefits will become payable immediately if your employer decides, based on the opinion of an independent doctor that you are permanently unable to perform the duties of your employment due to ill-health and you are not capable of undertaking other gainful employment. Your pension would be paid at an increased level if you are unlikely to be capable of undertaking other gainful employment within 3 years of leaving. The payment would include the value of your pension that transferred from your deferred benefit.	**Benefits paid early because of ill-health would <u>not</u> include the value of earlier deferred benefits.** Your benefits from your new employment will become payable immediately if your employer decides, based on the opinion of an independent doctor, that you are permanently unable to perform the duties of your employment due to ill-health and you are not capable of undertaking other gainful employment. Your pension would be paid at an increased level if you are unlikely to be capable of undertaking other gainful employment within 3 years of leaving. The payment would **not** include the value of your deferred benefit (because you elected to retain that as a separate deferred benefit). Your separate deferred benefit may become payable but that would only be if your former employer decided in light of the view from an independent doctor that you are permanently incapable of the job you were working in when you left the employment in respect of which the deferred benefit was awarded and, if the deferred benefits arose as a result of ceasing membership of the scheme after 31 March 2008, that you are not likely to be capable of undertaking other gainful employment before your ***Normal Pension Age*** or for at least 3 years, whichever is

		the sooner.
Early payment of benefits	You can voluntarily choose to draw the combined benefits from as early as age 55 (at, normally, a reduced rate to account for the early payment). However, the combined benefits would be payable at the same time (i.e. cannot be paid at different times) and cannot be paid until you have ceased your new employment.	You can voluntarily choose to draw: a) your deferred benefit from as early as age 60 or, with your former employer's consent, from as early as age 50 if the deferred benefits arose as a result of ceasing membership of the scheme after 31 March 1998 and before 1 April 2008, or age 55 if the deferred benefits arose as a result of ceasing membership of the scheme after 31 March 2008 (at, normally, a reduced rate to account for the early payment) and b) the pension you build up in your pension account in your new employment from as early as age 55 (at, normally, a reduced rate to account for the early payment). The deferred benefits do not have to be drawn at the same time as the benefits from your new employment. The deferred benefits can be drawn later than, at the same time as or, subject to being the minimum age shown in (a) above and, where necessary, obtaining your former employer's permission, earlier than the benefits from your new employment (even if you are still in your new employment at the time you wish to draw the deferred benefits, provided the deferred benefits relate to a period of membership that ended after 31 March 1998).

		However, if the deferred benefits relate to a period of membership that ended before 1 April 1998, the earliest you can voluntarily draw the deferred benefits is: - age 60, if you are not then in an employment that offers LGPS membership, or - if, at age 60, you are in an employment that offers LGPS membership, the earlier of: (i) the date you cease such employment, or (ii) your Normal Pension Age in relation to those deferred benefits (see the glossary).
Cost of living increases	The combined benefits will be subject to revaluation each year in accordance with HM Treasury Orders. The revaluation is currently in line with the rise in the ***Consumer Prices Index*** (see glossary for more information). However, in times of negative inflation, the revaluation under a HM Treasury Order could be negative.	The benefits in the active pension account for your new employment will be subject to revaluation each year in accordance with HM Treasury Orders. The revaluation is currently in line with the rise in the ***Consumer Prices Index*** (see glossary for more information). However, in times of negative inflation, the revaluation under a HM Treasury Order could be negative. The benefits in the deferred pension account will be subject to revaluation each year under the Pensions (Increase) Act 1971. Future revaluation is currently in line with the rise in the ***Consumer Prices Index*** (see glossary for more information). In times of negative inflation, the revaluation under the Pensions (Increase) Act 1971 would be 0% (i.e. it cannot be a negative amount).

Death in Service lump sum
As a member of the LGPS if you die in service a lump sum of three times your annual pensionable pay would normally be payable. If you have a deferred pension and die before it is paid, a lump sum equal to 5 times the deferred pension is paid if the deferred benefits relate to a period of membership that ended after 31 March 2008, or a lump sum equal to 3 times the deferred pension is paid if the deferred benefits relate to a period of membership that ended before 1 April 2008. However, only one amount for lump sum life cover is payable from the LGPS so, even if you keep your deferred benefits separate from your active pension account only the greater of the lump sum life cover for your deferred benefit or for your active pension account would be payable.

Annual Allowance Potential Tax Implications
You are advised to be aware of any potential tax implications around combining your deferred benefits with your new active pension account. In the unlikely event that a tax charge would apply your Pension Fund would make you aware of the implications. Please read the glossary for more information on ***annual allowance***.

Paying extra contributions
Have you paid extra contributions towards buying additional pension or membership? These would include Additional Voluntary Contributions (AVCs), Added Years, or Additional Regular Contributions (ARCs). Please read ***paying extra contributions*** in the glossary to find out what your choices in respect of these are.

Transferring the value of your deferred benefit to another pension scheme
Please note that even if you choose not to combine your benefits you will not be able to transfer the value of your deferred benefits to another pension scheme whilst you are contributing to the LGPS or if you have less than one year to go before reaching your ***Normal Pension Age***.

If you applied to HMRC for, and hold, Fixed Protection 2012, Fixed Protection 2014 or Enhanced Protection, please read the following notes.

i) if you hold Fixed Protection 2012, Fixed Protection 2014 or Enhanced Protection you will lose the relevant protection if you join the LGPS and you **do not aggregate** your benefits (as the new period of membership in the LGPS will be treated as a new pension 'arrangement'). If you wish to retain your Fixed Protection 2012, Fixed Protection 2014 or Enhanced Protection it will be necessary to opt out of the LGPS within 3 months of joining, thereby ensuring you are treated as never having been a member of the scheme on this occasion.

ii) if you hold Fixed Protection 2012 or Fixed Protection 2014 you will lose the relevant protection if:
- you join the LGPS, and
- **aggregate** your benefits, and
- **HMRC were to deem** this to be a new pension 'arrangement'.

However, we understand that the Department for Communities and Local Government, being the department responsible to the relevant Minister (the ‘responsible authority’ under the Public Service Pensions Act 2013) take the view that the relevant LGPS Regulations provide a **single** arrangement within a single scheme. HMRC have indicated that, in individual cases, they are not in a position to say whether or not they agree with that view. If the DCLG view is correct and **HMRC do not deem** it to be a new pension ‘arrangement’ you will not lose protection unless you have ‘benefit accrual’. You would lose Fixed Protection 2012 or Fixed Protection 2014 at the point at which ‘benefit accrual’ occurs (which could be immediately upon aggregation or at some point thereafter) **-** see http://www.hmrc.gov.uk/manuals/ptmanual/ptm093500.htm for more information on ‘benefit accrual’.

If you wish to make certain that you retain your Fixed Protection 2012 or Fixed Protection 2014 it will be necessary to opt out of the LGPS within 3 months of joining, thereby ensuring you are treated as never having been a member of the scheme on this occasion.

iii) if you hold Enhanced Protection you will lose that protection if:

- you join the LGPS, and
- **aggregate** your benefits, and
- **HMRC were to deem** this to be a new pension ‘arrangement’.

We understand that the Department for Communities and Local Government, being the department responsible to the relevant Minister (the ‘responsible authority’ under the Public Service Pensions Act 2013) takes the view that the relevant LGPS Regulations provide a **single** arrangement within a single scheme. HMRC have indicated that, in individual cases, they are not in a position to say whether or not they agree with that view.

If the DCLG view is correct and **HMRC do not deem** it to be a new pension ‘arrangement’ you will not lose protection even if you then have ‘relevant benefit accrual’ (i.e. benefits at retirement exceed the value of your benefits at 5 April 2006 as increased after then, in general terms, by the greater of 5% per annum, the increase in the cost of living or increases in your pensionable pay). This is because you would be able to notionally split the crystallisation of your defined benefit rights on retirement. This would allow you to reduce your tax liability by crystallising benefits below the ‘relevant benefit accrual’ limit so Enhanced Protection would be retained during that crystallisation. When the remaining benefits are crystallised, Enhanced Protection on those benefits would be lost. You would lose the Enhanced Protection if you were to pay contributions into a money purchase pension arrangement (e.g. you were to pay into the LGPS AVC facility) other than to a life assurance policy providing death benefits that started before 6 April 2006, or if you were to start a new pension arrangement, or if you were to transfer your LGPS benefits to another defined benefit pension scheme.

If you wish to make certain that you retain your Enhanced Protection it will be necessary to opt out of the LGPS within 3 months of joining, thereby ensuring you are treated as never having been a member of the scheme on this occasion.

The above is summarised in the following table:

Assuming you do not opt out within 3 months	HMRC position	Fixed Protection 12	Fixed Protection 14	Enhanced Protection
You have a deferred benefit in the LGPS, re-join the LGPS and you do not aggregate benefits	n/a	lost	lost	lost
You have a deferred benefit in the LGPS which includes pre 1.4.14 membership, re-join the LGPS and you aggregate benefits	if separate arrangement	lost	lost	lost
You have a deferred benefit in the LGPS which includes pre 1.4.14 membership, re-join the LGPS and you aggregate benefits	if same arrangement	lost if benefit accrual occurs	lost if benefit accrual occurs	not lost - notional split benefits
If you opt out within 3 months you would be treated as never having been a member of the scheme and your protection would not be lost.				

What next?

Please complete the attached option form to tell us whether or not you wish to combine your benefits*. This will enable us to take the appropriate action in respect of your pension rights as quickly as possible. If we do not receive your completed form within 12 months of the date you re-joined the scheme, your previous deferred benefit will remain separate and held in your previous Pension Fund (where applicable).

**VARIABLE TEXT - Note for Pension Funds: Where a member has more than one active employment the member will need to choose which active pension account to combine their deferred benefit account with. You will need to provide information to those members who need to make that decision. Suggested text:*
"As you have more than one active pension account (because you have more than one current employment in which you are contributing to the LGPS) you will also, if you decide to combine your benefits, need to decide which active pension account you wish your deferred benefit to be combined with."

Glossary

Combining previous benefits in the LGPS with your new (or ongoing) active pension account requires you to consider your options and make a decision. The information set out in the leaflet above is specific to your circumstances.

This glossary is provided to help further explain some of the terms used in the leaflet and give more detail about how your benefits are calculated in the LGPS, when they become payable and other important information about protections and ***paying extra contributions*** in the LGPS.

Working out your benefits in the LGPS

Working out your LGPS benefits depends on when you built up your service in the scheme.

From 1 April 2014	Career Average Scheme
Up to 31 March 2014	Final Salary Scheme (2 different calculations) - From 1 April 2008 to 31 March 2014, and - Up to 31 March 2008

Career Average Scheme

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.

Pensionable Pay: For benefits built up from 1 April 2014 your pensionable pay is the amount of pay on which you pay your normal pension contributions. However 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 worked out based on your assumed pensionable pay.

Final Salary Scheme

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 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.

Annual Allowance

The ***annual allowance*** is the amount your pension savings can increase by in any one year without paying extra tax. For the LGPS the pension savings year runs from 1 April to 31 March. The ***annual allowance*** for 2015/16 is £40,000.

You would only be subject to an ***annual allowance*** tax charge if the value of your pension savings for a tax year increases by more than £40,000. Combining your previous deferred benefits where your final salary benefits are now linked to your new ongoing ***final pay*** would increase your pension savings in the year you transfer. However, a three year carry forward rule allows you to carry forward unused ***annual allowance*** from the last three tax years. This means that even if the value of your pension savings increase by more than £40,000 in a year you may not be liable to the ***annual allowance*** tax charge.

Most people will not be affected by the ***annual allowance*** tax charge because the value of their pension saving will not increase in a tax year by more than £40,000 or, if it does, they are likely to have unused allowance from previous tax years that can be carried forward.

Consumer Prices Index (CPI) (i.e. the Cost of Living Adjustment)

The ***Consumer Price Index (CPI)*** is the official measure of inflation of consumer prices in the United Kingdom. This is currently the measure used to adjust your *pension account* at the end of every scheme year when you are an active member of the scheme and, after you have ceased to be an active member, it is used to increase (each April) the value of your deferred pension in the scheme and any pension in payment from the scheme. The adjustment ensures your pension keeps up with the cost of living.

Final Pay

The definition of final salary 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 salary pay is usually the pay in respect of (i.e. due for) the final year of scheme membership on which you paid contributions, or one of the previous 2 years if this is higher. The main differences to the pay used for career average benefits include:

- 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 salary pay is the whole-time pay that you would have received if you had worked whole-time.
- It does not include non-contractual overtime.

There are further protections for final salary pay if your pay is reduced due to a period of sickness, if you are on maternity, paternity or adoption leave or if you pay is reduced or increases to your pay are restricted.

Remember, if your benefits are combined with your new active pension account and they buy an amount of earned pension in the career average scheme, any final salary benefits you had built up will no longer be worked out using the final salary calculations. Instead they will be treated as career average benefits.

Normal Pension Age

The ***Normal Pension Age*** for deferred benefits that relate to a period of membership that ended after 30 September 2006 and before 1 April 2014 (i.e. in the final salary scheme) is age 65.

The ***Normal Pension Age*** for deferred benefits that relate to a period of membership that ended before 1 October 2006 (i.e. in the final salary scheme) is age 65 unless you were a member of the scheme before 1 April 1998 in which case ***Normal Pension Age*** is:

- age 60 if, by that age, you would have had 25 or more years membership of the scheme if you had remained in the scheme until then, or
- the date you would have achieved 25 years membership, if that date would fall after age 60 and before age 65, or
- age 65 if, by that age, you would not have had 25 years membership of the scheme if you had remained in the scheme until then.

The ***Normal Pension Age*** for benefits built up from 1 April 2014 (i.e. the career average scheme) is linked to your State Pension Age (but with a minimum of age 65).

If your deferred benefits are combined with your new active pension account and any final salary benefits you have previously built up continue to be counted as final salary benefits then they will have a ***Normal Pension Age*** of 65.

If your benefits are combined with your new active pension account and any final salary benefits you have previously built up are now counted as career average benefits then they will have a new ***Normal Pension Age*** which is linked to your State Pension Age (but with a minimum of age 65).

If your benefits are combined with your new active pension account, any existing career average benefits will continue to have a ***Normal Pension Age*** linked to your State Pension Age (but with a minimum of age 65).

If you choose to take your pension before your ***Normal Pension Age*** the pension you have built up in the scheme will normally be reduced, as it's being paid earlier. If you take it later than your ***Normal Pension Age*** it will be increased because it's being paid later. The amount of any reduction or increase will be based on how many years earlier or later than your ***Normal Pension Age*** you draw the pension you have built up in the scheme. If your ***Normal Pension Age*** for benefits in the final salary scheme is different from your ***Normal Pension Age*** in the career average scheme then the level of the reductions or increases applied to each set of benefits will be different. Please note that you cannot take your benefits built up in the final salary scheme separately from the benefits you build up in the career average scheme if they have been combined. All of your pension would have to be drawn at the same time (except in the case of Flexible Retirement).

If you have ***rule of 85*** protections these will still apply. For more information see the explanation of ***rule of 85*** below.

Paying extra contributions?

In the LGPS there are a number of ways members can pay more contributions to increase their benefits. You may have one of the following arrangements. If so, you need to understand what happens to any payments you have already made and whether you can continue to pay these extra contributions in your new employment.

1. **Buying Added Year (extra membership)**

These are existing contracts to purchase extra membership and the contract must have commenced before 1 April 2008.

If you combine your deferred benefits with your new active pension account and your final salary benefits continue to be treated as pre 1 April 2014 benefits then your existing contract can continue only if:

- The break between leaving your old employment and starting your new employment is less than 12 months, and
- Within 3 months of re-joining the LGPS in your new employment you make an election to continue paying your extra contributions to buy added years, and
- In those 3 months you pay any extra contributions towards your added years contract that would have been due during the break (if any) between employments.

These added years count towards your benefits in the final salary scheme.

If you combine your deferred benefits with your new active pension account and your final salary benefits are treated as career average pension (i.e. they have bought an amount of earned pension in the career average scheme) then your existing contract cannot continue. Any extra membership you have already bought and that has been credited is used to work out the extra earned pension to be added to your new active pension account, i.e. it would count as career average pension. You cannot make a new election to buy extra membership; you can however consider buying extra pension (known as Additional Pension Contributions). You can contact your Pension Fund for more information.

If you choose not to combine your deferred benefits any existing added years contract cannot continue and any extra membership you have already bought will be included in your deferred benefits. You cannot continue to pay for your added years' contract if you elect to keep separate deferred benefits.

2. Paying Additional Regular Contributions (ARCs)

These are contracts to purchase extra pension taken out between 1 April 2008 and 31 March 2014

Whether or not you elect to combine your benefits with your new active pension account, there are no circumstances where an existing ARC contract can continue.

If you do combine your benefits with your new active pension account and your final salary benefits continue to be treated as pre 1 April 2014 benefits then the amount of ARCs which you have already bought will be added to the value of your final salary pension.

If you combine your benefits with your new active pension account and your final salary benefits are treated as career average pension (i.e. they have bought an amount of earned pension in the career average scheme) any extra pension you have already bought and been credited with is taken account of when calculating the extra earned pension to be added to your new active pension account.

If you do wish to pay more contributions in your new employment you can consider buying extra pension (known as Additional Pension Contributions). You can contact your Pension Fund for more information.

If you choose not to combine your benefits, any extra pension you have already bought will be included in your deferred benefits. You cannot continue to pay for your ARCs contract if you elect to keep separate deferred benefits.

3. **Paying Additional Pension Contributions (APCs)**
These are contracts to purchase extra pension taken out on or after 1 April 2014.

Any existing APC arrangements which you have entered into, to buy lost or extra pension, cease once you leave the employment they are linked to.

Any extra pension built up via an APC will be added to your new active pension account if your benefits are combined.

If you choose not to combine your benefits any existing any extra pension you have already bought will be payable with your deferred benefits. You cannot continue to pay towards your previous APC arrangement if you elect to keep separate deferred benefits.

You can elect to take out another APC arrangement in your new employment. You can contact your Fund for more information.

4. **Additional Voluntary Contributions (AVCs)**
If you have paid AVCs, the accrued value of your AVCs must be transferred to an AVC arrangement offered by your new administering authority if you transfer your main scheme benefits.

However, there is an exception to this rule. If you were previously a member of the LGPS on 31 March 2014 and 1 April 2014 (or you were not a member on those dates but elect within 12 months of returning to the LGPS to be treated as if you had been a member on those dates) and you do not have a continuous break in active membership of a ***public service pension scheme*** of more than 5 years, you can choose **not** to transfer the accrued value of your AVCs to an AVC arrangement offered by your new administering authority. If you do transfer your accrued AVC value then once it's transferred to the new arrangement it is considered a contract under the scheme rules in force at the time of the transfer.

Public service pension scheme

A ***public service pension scheme*** includes a pension scheme covering civil servants, the judiciary, the armed forces, any scheme in England, Wales or Scotland covering local government workers, or teachers, or health service workers, or fire and rescue workers or members of the police forces; or membership of a new public body pension scheme.

Rule of 85

What is the Rule of 85?
The ***rule of 85*** 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.

Who does it apply to?
If you were a member of the LGPS on 30 September 2006, some or all of your benefits paid early could be protected from an early payment reduction.

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*** of, usually, age 65 for pension built up before 1 April 2014 and new ***Normal Pension Age*** (linked to ***State Pension Age*** but with a minimum of age 65) 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*** of, usually, age 65, 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.

The only occasions where ***rule of 85*** protection does not automatically apply is if you became entitled to the deferred benefits after 31 March 2014 and:

- elect to keep those benefits separate from your new or ongoing employment and choose to voluntarily draw those deferred benefits on or after age 55 and before age 60, or
- do not elect to keep those benefits separate from your new or ongoing employment, subsequently leave the scheme before age 60 and choose to voluntarily draw your combined benefits on or after age 55 and before age 60.

If I decide to aggregate my benefits will that impact on the rule of 85 protections I have?

If you are deciding whether or not to aggregate your benefits in the LGPS you need to be aware of the potential impact on any ***rule of 85*** protections.

Please note that if the ***rule of 85*** applies to part of all of your previous benefits in the LGPS and there is a long gap between the day you previously left the scheme and the day you re-joined the scheme then combining your benefits could impact on your ***rule of 85*** protection as it could make your ***rule of 85*** date later. If this is the case, keeping your deferred benefits separate could protect your earlier ***rule of 85*** date on that deferred benefit but you would not have ***rule of 85*** protection on your benefits accruing in your new employment. The reason the earlier ***rule of 85*** date on that deferred benefit would be protected is because when working our your ***rule of 85*** date the period after you left the LGPS is also included (known as notional service) in the calculation even though you were not a member of the LGPS. If you re-join and combine your previous benefits then the notional service would no longer be used and any gap in membership of the LGPS membership would not be used when calculating when you would meet the ***rule of 85*** in the new employment.

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