

Local Government Pension Scheme (LGPS)

Calculating your Pension

How is your pension calculated?

Under LGPS 2014 your pension is linked to your earnings and for every year you are a member of the Scheme you will add pension to your pension account. The pension added each year is based on 1/49th of your earnings (1/98th if you have opted to be a member of the 50/50 section of the scheme). This pension account will then be increased each year by the Consumer Price Index up to your retirement date. We then repeat this calculation for each year you are a member of the LGPS.

This is known as a Career Average Revalued Earnings Pension.

Calculation of retirement benefits

A member who earns £16,600 from 1/4/2014 – 31/3/2015 will accrue 1/49th of that pay towards their pension i.e. $£16,600 \times 1/49 = £338.78$

For the example below the member earns £16,600. We have assumed an annual pay increase of £500 and an inflation increase of 3%.

Year	Pensionable Pay	Initial Pension accrued	Revalued Pension to 2018
2014	£16,600	£338.78	£381.29
2015	£17,100	£348.98	£381.34
2016	£17,600	£359.18	£381.06
2017	£18,100	£369.39	£380.47
2018	£18,600	£379.59	£379.59
Total			£1,903.75 per year

When you come to leave or retire we add up each year's pension accounts, so the pension you receive is an accurate reflection of your earnings pattern whilst you are a member of the Scheme.

Your Annual Benefit Statement will detail your pension value each year.

What happens to the pension I have built up to April 2014?

Don't worry, all the pension based on the service you have built up to April 2014, will be calculated on the same basis as before and all your pension service will continue to be linked to your full time equivalent pensionable pay when you leave or retire. This ensures that all pension built up will maintain its value going forward.

If you leave local government service and have a break of more than 5 years before rejoining the LGPS the Final Salary link will be lost if you choose to combine your benefits.

If you require any further information, please contact us using the details below.

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