

Local Government Pension Scheme (LGPS)

Non Joiners

Have you thought about joining the Local Government Pension Scheme (LGPS)?

It's never too early or too late to plan for your future. Now is the time to think about the pension choices available to you.

What are the pension choices available to me?

When you retire you will get your basic flat-rate state pension, your income over and above this pension can be provided by one of the following options:

- State Second Pension (S2P)
- Personal Pension Plans and Stakeholder Pension Schemes
- Occupational Pension Scheme such as the LGPS

State Second Pension (S2P)

The State Second Pension (S2P) is a top up pension payable in addition to the flat-rate basic state pension based on your average earnings during your working life. The pension will be paid with your basic pension by the Department for Work & Pensions (DWP). It cannot be paid before state retirement age.

Personal Pension Plans and Stakeholder Pension Schemes

These are provided by banks, building societies and life assurance companies. Your chosen provider invests your contributions into a pension pot and when you retire the pension pot is used to buy retirement benefits from the insurance market. Your benefits are based on investment returns and are not guaranteed and you will pay charges to your provider for running the plan.

Local Government Pension Scheme (LGPS)

As you know there is a good pension for employees who work in local government and it's called the Local Government Pension Scheme (LGPS). The LGPS is a statutory, funded pension scheme and is very secure because the benefits are guaranteed. Your employer also pays into the scheme something you don't get with personal pension and stakeholder schemes.

The scheme is an important part of your employment package and a valuable benefit on top of your pay.

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

t: 01244 976000 e: pensions@cheshirewestandchester.gov.uk w: www.cheshirepensionfund.org

a: Cheshire Pension Fund, Cheshire West and Chester Council, Council Offices, 4 Civic Way, Ellesmere Port, CH65 0BE

Let's look at the attractive scheme benefits the LGPS provides:

- pension based on 1/49th of your actual pay received
- the option to provide a tax free lump sum when you retire
- the choice to increase your pension up to £6,675 per annum
- the right to retire voluntarily at age 55 with reduced benefits
- early retirement benefits from age 55 on redundancy
- flexible retirement option from age 55, with your employer's consent, where you have the chance to draw some or all of your pension and remain in employment
- immediate benefits at any age if you have to retire due to ill health
- death in service lump sum of three years actual pay
- survivors pensions for spouse, partner or cohabiting partner
- children's pensions
- fully index linked benefits to keep pace with inflation
- your employer also contributes to your pension

What do you pay?

You pay between 5.5% and 12.5% of your pay depending on which pay band you fall into. The band is determined by the actual pay you earn each financial year

Here are the pay bands that apply from 1 April 2017

If your actual salary is:	You pay a contribution rate of:
Up to £13,700	5.5%
£13,701 to £21,400	5.8%
£21,401 to £34,700	6.5%
£34,701 to £43,900	6.8%
£43,901 to £61,300	8.5%
£61,301 to £86,800	9.9%
£86,801 to £102,200	10.5%
£102,201 to £153,300	11.4%
£153,301 or more	12.5%

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Example

Let's take a look at someone who works full-time at a pay rate of £18,000. They will pay 5.8% of their pay - that's around £87 a month – in contributions. If they were to work half-time, their contribution rate would be reduced to 5.5%. That's because their actual salary is £9,000, and the contribution band is allocated based on your actual pay. They would pay roughly £41 a month in contributions, but would receive a smaller pension than the full time member.

It costs even less if you pay tax as you get tax relief on your contributions.

If you are still unsure about what scheme is best for you, you may wish to obtain independent financial advice before deciding which pension option to take. Many advisers would agree, however, that the value offered by the LGPS is hard to beat.

Please note that joining the LGPS is subject to certain restrictions. If you are a casual employee and you do not have a contract for three months or more than you will not be eligible to join the LGPS. You may need to check with your employer to see if this affects you. However, if after three months you obtain a contract then you have the right to join the scheme and backdate contributions to the beginning of your employment (only in cases where a member could not join as a result of their contract length).

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