

WEST MIDLANDS



PENSION FUND

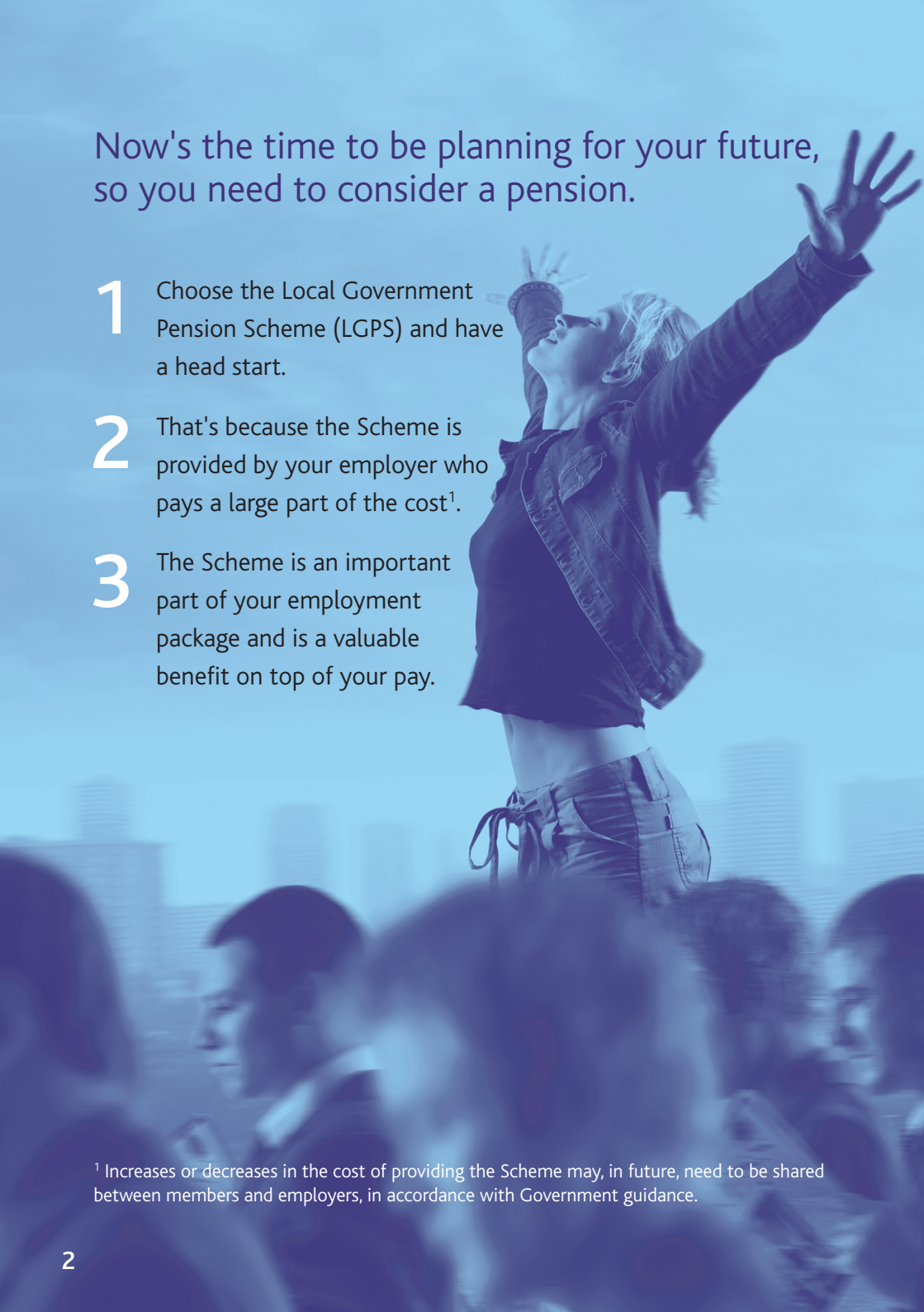
West Midlands Pension Fund

# joining the LGPS - what's in it for me?



The Local Government  
Pension Scheme (LGPS)  
in England and Wales  
**April 2008**





Now's the time to be planning for your future, so you need to consider a pension.

**1** Choose the Local Government Pension Scheme (LGPS) and have a head start.

**2** That's because the Scheme is provided by your employer who pays a large part of the cost<sup>1</sup>.

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

<sup>1</sup> Increases or decreases in the cost of providing the Scheme may, in future, need to be shared between members and employers, in accordance with Government guidance.

## Let's look at the cost and benefits of joining the LGPS that apply from 1 April 2008.

- 1** The cost of being a member of the Scheme is less than you might think.
- 2** How much it costs you depends on how much you're paid, but it will be between 5.5 and 7.5% of your pay.
- 3** The rate you pay depends on which pay band you fall into<sup>2</sup>. If you work part-time, your rate will be based on the whole time pay rate for your job, although you will only pay contributions on the pay you actually earn.

### Here are the pay bands that apply from April 2008.

If your whole-time equivalent pay rate is:	Your contribution rate will be:
Up to £12,000	5.5%
More than £12,000.01 and up to £14,000.00	5.8%
More than £14,000.01 and up to £18,000.00	5.9%
More than £18,000.01 and up to £30,000.00	6.5%
More than £30,000.01 and up to £40,000.00	6.8%
More than £40,000.01 and up to £75,000.00	7.2%
More than £75,000	7.5%

<sup>2</sup> The contribution rate for those manual workers who joined the Scheme before 1 April 1998 and were protected to pay contributions at a rate of 5% will be brought into line with all other Scheme members on a phased basis by 1 April 2011.

Let's take a look at someone who works full-time at a pay rate of £20,000.

They will pay 6.5% of their pay – that's around £108 a month – in contributions.

If they were to work half-time, they would still pay the 6.5% rate. That's because the whole-time rate for their job is still £20,000, but their contributions would be based on their part-time earnings, so they would have £54 deducted.

It costs even less if you pay tax and national insurance, as you get tax relief on your contributions and pay a lower rate of national insurance.

The LGPS is one of the best ways to plan for retirement with an excellent range of benefits that both full-time and part-time employees can enjoy.

## These include, after three months in the Scheme:

- 1 A tiered ill-health retirement package** if you have to leave work at any age due to permanent ill-health. This could give you increased benefits, paid straight away, if you are unlikely to be capable of gainful employment within a reasonable time after you leave.
- 2 Early payment of benefits** if you are made redundant or retired on business efficiency grounds and you are aged 55 or over.
- 3 The right to voluntarily retire** from age 60, even though the Scheme's normal pension age is 65. You can even retire from as early as age 55, provided your employer agrees.
- 4 Flexible retirement** from age 55 if you reduce your hours, or move to a less senior position. Provided your employer agrees, you can draw some or all of your benefits – helping you ease into your retirement.



If you choose to voluntarily retire before 65, or take flexible retirement before then, your benefits would be reduced to account for them being paid for longer.

You can even stay in the LGPS if you carry on working beyond age 65, although you have to draw your benefits by age 75. Benefits drawn after age 65 will be increased.

## There is also:

- 1 Life cover** from the moment you join, with a lump-sum of three years' pay being paid if you die in service.
- 2 Cover for your family**, with a pension for your husband, wife, registered civil partner<sup>3</sup> or nominated cohabiting partner<sup>4</sup> and for eligible children if you die in service or die after leaving with a pension entitlement.



## When you retire, you can look forward to:

- 1 A pension for life** that increases with the cost of living, and
- 2** You can exchange part of your annual pension for a one-off **tax-free cash payment**.

### What's more:

It's a **final salary scheme**, which means your benefits are normally based on your final year's pensionable pay and the number of years you have been a member of the Scheme.

<sup>3</sup> A civil partnership is a relationship between two people of the same sex ('civil partners') which is formed when they legally register as civil partners of each other.

<sup>4</sup> In order to nominate a cohabiting partner, your relationship must meet certain conditions.

## How the benefits are worked out?

For each year in the Scheme you receive a pension of 1/60th of your final year's pensionable pay.

And if you want to take a lump-sum, you receive £12 lump sum for each £1 of pension given up. You can take up to 25% of the capital value of your pension benefits as a lump-sum.

Here's how it's worked out:

### If you work full-time:

Mrs A is 65 and has 20 years' full-time membership in the Scheme. Her final year's pensionable pay is £15,000.

**Her annual pension is:**  $20 \text{ years} \times 1/60 \times £15,000 = \text{£}5,000$

If she decided to give up £1,000 pension for a cash lump-sum, then:

**Her reduced annual pension is:**  $£5,000 \text{ less } £1,000 = \text{£}4,000$

**To give a tax-free lump-sum of:**  $£1,000 \times 12 = \text{£}12,000$

### If you work part-time:

Your membership is reduced to reflect part-time working, but full-time pay is used in the calculation

Mr B is 65 and also has 20 years' membership in the Scheme. He has always worked half-time in a job with the same rate of pay as Mrs A.

**His annual pension would be:**  $10 \text{ years} \times 1/60 \times £15,000 = \text{£}2,500$

That's because his 20 years' membership is adjusted for half-time working. If he decided to give up £500 pension for a cash lump-sum, then:

**His reduced annual pension is:**  $£2,500 \text{ less } £500 = \text{£}2,000$

**To give a tax-free lump-sum of:**  $£500 \times 12 = \text{£}6,000$

# You can look forward with confidence with the LGPS because:

**1** Contributions you pay today will provide you with retirement benefits based on your pensionable pay in the year you leave. This means the pension you build up during employment keeps pace with rises in your pay.

**2** After retirement, your pension increases with the cost of living.

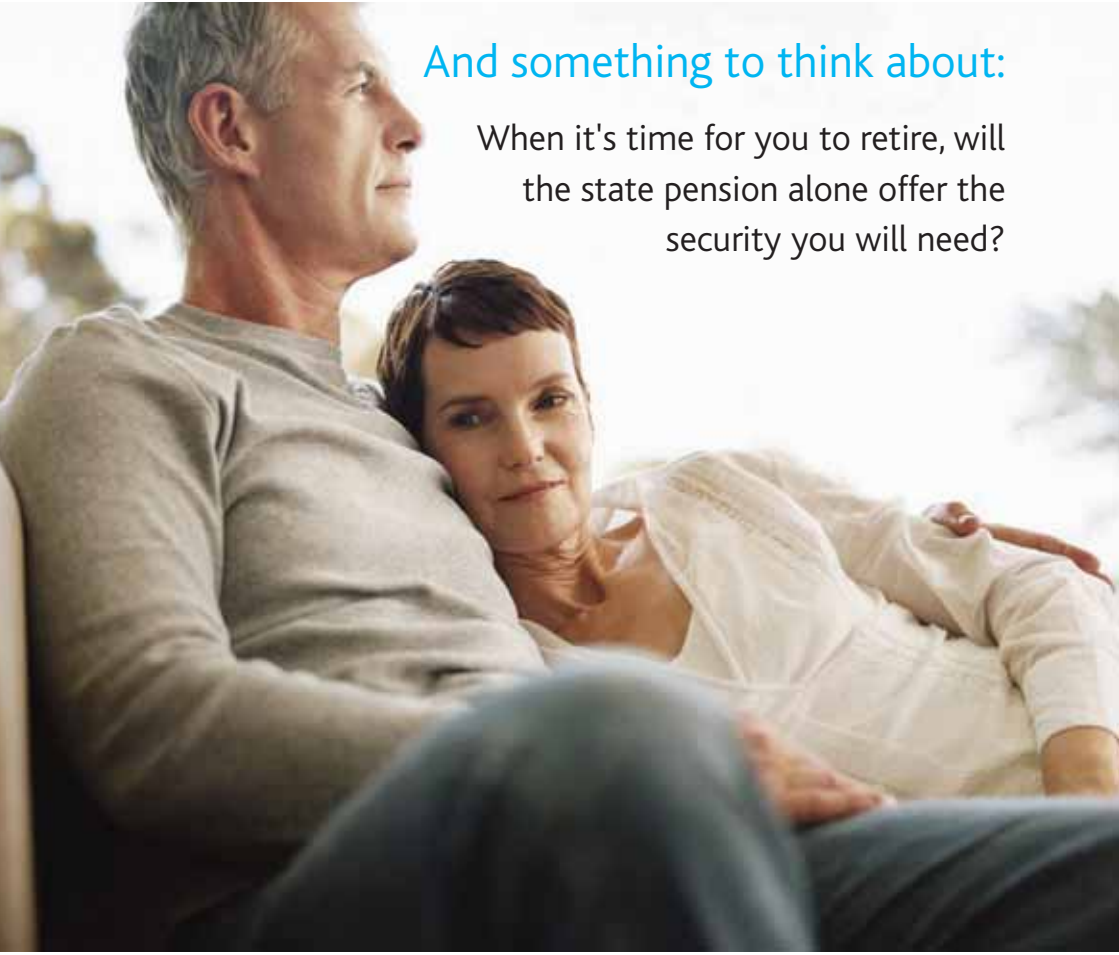
**3** Your benefits are secure. They are set out in law.

## And you can:

- 1** Pay more to increase your benefits.
- 2** Ask to transfer previous pension rights into the Scheme.







## And something to think about:

When it's time for you to retire, will the state pension alone offer the security you will need?



## How to join the LGPS:

To join the LGPS, you need a contract of employment that's for at least three months and be under age 75.

New employees who are eligible<sup>5</sup> are automatically brought into the Scheme, except for employees of admitted bodies<sup>6</sup> who can join by completing an application form. Employees who have previously opted out of membership can opt back into the Scheme.

**Check your payslip deductions to make sure you are in the Scheme.**

## Want to know more?

This leaflet gives a brief outline of the Scheme that applies from 1 April 2008. If you want to know more about the Scheme, or if you have membership in the Scheme before 1 April 2008 and want to know how benefits built up before they are worked out, you can get more information from [www.lgps.org.uk](http://www.lgps.org.uk) or from:

### **West Midlands Pension Fund**

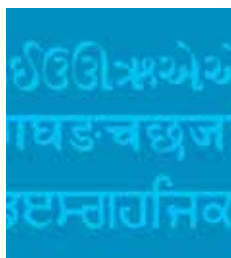
PO Box 3948  
Wolverhampton  
WV1 1XP

**This leaflet is a brief guide to the Scheme and cannot cover every personal circumstance. In the event of any dispute over your pension benefits, the appropriate legislation will prevail. This leaflet does not confer any contractual or statutory rights and is provided for information purposes only.**

<sup>5</sup> Employees of designating bodies (e.g. employers such as town or parish councils) and employees of admitted bodies (e.g. employers such as charitable organisations or contractors who have applied to participate in the Scheme) can only join if their employer nominates them for membership of the Scheme.

<sup>6</sup> An admitted body is an employer that chooses to participate in the Scheme under an admission agreement. These tend to be employers such as charities and contractors.





Information produced by the Fund can be made available in several formats including large sight text, Braille and several community languages. If you have any special requirements or would like to speak face to face with a member of staff, please contact us to arrange how we may best meet your needs.

Please remember that special requirements may take a little longer than normal to organise, but you have our assurance that we will do our best to ensure you receive the information in the most appropriate and efficient manner possible.

## Data Protection

To protect any personal information held on computer, Wolverhampton City Council is registered under the Data Protection Act 1998. This allows members to check that their details held are accurate. The Fund may, if it chooses, pass certain details to a third party, if the third party is carrying out an administrative function of the Fund, for example, the Fund's AVC provider. Members who wish to apply to access their data on Data Protection Act grounds should contact the City Council's Data Protection Officer on (01902) 554498, via e-mail at [dataprotection@wolverhampton.gov.uk](mailto:dataprotection@wolverhampton.gov.uk)

This authority is under a duty to protect the public funds it administers, and to this end may use information for the prevention and detection of fraud. It may also share this information with other bodies administering public funds solely for these purposes.



Text printed on FSC Greencoat Silk 130gsm, 80% recycled post-consumer fibre, 10% TCF (Totally Chlorine Free) virgin fibre 10% ECF (Elemental chlorine free) fibre

# Contact information

## Write to us at:

West Midlands Pension Fund  
PO Box 3948  
Wolverhampton  
WV1 1XP

## Visit our website at:

[wmpfonline.com](http://wmpfonline.com)

## Email us on:

[PensionFundEnquiries@wolverhampton.gov.uk](mailto:PensionFundEnquiries@wolverhampton.gov.uk)

## Telephone our Helpdesk on:

**0300 111 1665**

## Send us a text on:

Text WMPF + your message to 60066.  
Standard short code network charges apply.

## Fax us on:

**0845 230 1565**

Lines are open during the following times:

8:30am to 5.00pm Monday-Thursday

8:30am to 4.30pm Friday

## Minicom/Typetalk:

**01902 554607**

Calls may be monitored for training purposes



INVESTOR IN PEOPLE



CUSTOMER SERVICE EXCELLENCE