

You have important decisions to make about your pension



Local government reorganisation for Northamptonshire

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Will I get a pension in my new authority?

From 1 April 2021 you'll either work for West Northamptonshire Council (WNC) or North Northamptonshire Council (NNC). As new employers they must automatically enrol eligible staff into a workplace pension scheme.

If you've opted out of the LGPS or joined the 50/50 section:

You'll be brought back into the main section of the Local Government Pension Scheme (LGPS) from 1 April 2021. The LGPS provides valuable benefits. Not only do you get a guaranteed pension and ill health protection after 2 years, but also immediate life cover. You can find more information on the '[I'm thinking of joining](#)' page of our website.

If you'd still like to opt out or rejoin the 50/50 section, please fill in the relevant form from the active members', [forms and resources page of our website](#).

Forms should be returned to your employer's payroll team on or after 1 April 2021.

In the LGPS each job you have is treated separately, so when you move to either WNC or NNC on 1 April 2021 this will trigger a number of actions, rights and decisions as if you were a new member:

- You can choose to have **separate pension pots** for your new and old job.
- If you're aged 55 or over and ask us to keep your old and new pension separate,

you can choose to **take immediate payment** of your old pension.

- If you're paying additional contributions, like **AVCs** or **APCs**, you may have decisions that you need to make.
- If you've other pension benefits, you may be able to move these into the LGPS.



Options, rights & important decisions

Please read this leaflet carefully and keep it safe as you have up to 12 months to make some decisions and may not be able to make them straight away as the best approach will depend on your circumstances.

A copy of this leaflet will also be available through your [online pension account](#).

Should I combine my pensions or keep them separate?

When you move across to either WNC or NNC we'll automatically combine your old pension with your new pension.

If you'd rather we kept your pensions separate, you've until 31 March 2022 to choose this. If you've less than 2 years qualifying service or stop paying into the scheme, you won't be able to choose separate benefits.

Up until 31 March 2022, you may fill in and return the form on the covering letter; from 1 April 2022 you'll need to speak to your employer first. **Choosing to separate your benefits would be a final and binding decision; you couldn't change your mind afterwards whilst working for WNC or NNC.**

If you choose to keep your pensions separate, you'll have a deferred pension for your membership before you moved to WNC or NNC, and a new active pension from 1 April 2021.

Here's some questions which you must think about very carefully before you make a decision to separate your pensions:

- What 'final pay' will be used to calculate any pre 1 April 2014 benefits?
- What effect will changes in pay have and the pension tax I might have to pay?
- What happens to my APCs or AVCs?

- I'm aged 55 or over, what happens if I'm made redundant?
- What happens if I have to retire due to ill health?
- What if I take my pension early?

To help you to decide, see the examples on the following pages.

If you feel you'd like some figures to help you decide please see the instructions on our website.

What 'final pay' will be used?

Think about...	Combined pensions	Separate pensions
I was a member before 1 April 2014, what 'final pay' will be used to work out my final salary linked pension for any membership before 1 April 2014?	Benefits based on membership before 1 April 2014 with a final salary link will continue to be worked out using your 'final pay' to the date your membership with WNC or NNC ends.	Deferred benefits based on membership before 1 April 2014 with a final salary link will be worked out using your 'final pay' to 31 March 2021 with your old employer. Any future changes to your pay with either WNC or NNC won't be used to work out the value of your deferred benefits.



For example, Mr Gregory:

- worked for Corby Borough Council (CBC).
- joined the LGPS on 1 August 2001.
- moved to NNC on 1 April 2021 aged 57.
- on 1 October 2021 chose to keep his pensions with CBC and NNC separate, which meant his pension benefits are split into two pension records within the Northamptonshire Pension Fund (NPF).

Pension 1: A deferred LGPS pension from 1 August 2001 to 31 March 2021.

- His pension benefits from final salary linked membership are worked out on his final pay to 31 March 2021 of £42,000.

Pension 2: He has a new active pension with NNC starting on 1 April 2021 to his retirement date of 31 March 2029.

Looking ahead...

Mr Gregory has been promoted and his final salary pay is now £53,000. As he chose to separate his pensions, his deferred pension was based on his final pay to 31 March 2021 of £42,000. His deferred benefits are subject to inflation proofing.

If he had combined his pensions, his pension would have been based on all of his LGPS membership from 1 August 2001 to 31 March 2029, and his benefits from final salary linked membership would have been based on his 'final pay' of £53,000.

Changes in pay and pensions tax

If your pay drops

If you're paying into the LGPS and built up pension before 1 April 2014 and have a **drop** or freeze in your pensionable pay because of a decision made by you or your employer, your final salary pension benefits may lose some value.

However, if you were a member of the LGPS before 1 April 2014, you may have some **protections** for your pension. This is explained in our 'How a reduction in pensionable pay affects your final salary pension benefits' factsheet. You can find this on the active members' section of our website, on the [forms and resources page](#).

If your pay goes up

If you're paying into the LGPS and you benefit from a significant, above inflation **pay increase** in any year, you may have to pay an **annual allowance tax charge**.

This can affect anyone who has a significant pay increase, not just high earners.

Lifetime allowance (LTA) and annual allowance (AA)

The lifetime allowance is a limit on the total value of all pension benefits you can have put into payment without triggering a lifetime allowance tax charge on benefits above that limit. The annual allowance is a limit on the amount your pension savings can increase in any one tax year without you having to pay a tax charge.

You can find out more information in the separate factsheets about the annual allowance and lifetime allowance on the active members' section of our website, on the [forms and resources page](#).



What about my additional contributions?

Think about...	Combined pensions	Separate pensions
<p>What happens to my Additional Pension Contribution (APC) or Additional Regular Contributions (ARC) contract?</p>	<p>Your APC or ARC contract will continue as before.</p>	<p>Your APC or ARC contract will end on 31 March 2021 and you'll be given the proportion of contract you've paid for. Any contributions paid from 1 April 2021 will be refunded to you.</p>
<p>What happens to my Additional Voluntary Contribution (AVC) contract?</p>	<p>Your contract will continue. If your contract started before 13 November 2001, by combining benefits you would lose the right you may have had in certain circumstances to use your AVC Fund to buy LGPS membership when you retire. A separate letter will be sent to you if you have an AVC plan, to help you make this decision.</p>	<p>Your AVC contract will end on 31 March 2021 and, if you wish to continue paying AVCs, you'll need to start a new AVC contract.</p>

Think about...	Combined pensions	Separate pensions
What happens to my contract to buy Added Years (taken out before 1 April 2008)?	Your Added Years contract will continue as before.	Your Added Years contract will continue as before, as long as you don't take immediate payment of your old pension to 31 March 2021. Any benefits you'd bought up until 31 March 2021 would be based on the final pay in your old job, whereas any bought from 1 April 2021 would be based on the final pay in your new one.

What if I'm made redundant?

Think about...	Combined pensions	Separate pensions
I'm 55 or over with at least 2 years LGPS membership. What if I'm made redundant?	Pensions paid early because of redundancy will include the value of your pension moved from your old employer.	Pensions paid early because of redundancy won't include the value of your pension built with your old employer only your pension from WNC or NNC.



For example, Mrs Adam:

- worked for Northamptonshire County Council (NCC).
- joined the LGPS on 1 February 2006.
- moved across to WNC on 1 April 2021, which was her 56th birthday.
- on 1 August 2021, chose to keep her pensions from NCC and WNC separate, which meant her pension benefits are split into two pension records with the Northamptonshire Pension Fund (NPF).

Pension 1: A deferred LGPS pension from 1 February 2006 to 31 March 2021.

- Her pension benefits from final salary linked membership are worked out on her final pay to 31 March 2021 of £35,000 and benefits will be paid in full at her State Pension age.
- She can choose to take this deferred pension as she's over the age of 55, but her pension will be reduced due to early payment.

Pension 2: She has a new active pension with WNC starting on 1 April 2021.

Looking ahead...

Due to a restructure Mrs Adam's role has been made redundant from 1 April 2024. As Mrs Adam chose to separate her pensions, the value of the pension paid early due to redundancy won't include the value of her deferred pension 1; the pension payable will only be based on her membership with WNC from 1 April 2021 to 31 March 2024 i.e. pension 2.

If she had combined her pensions, her pension paid on redundancy would have been based on all her LGPS membership from 1 February 2006 to 31 March 2024, and benefits from final salary linked membership would have been based on 'final pay' to 31 March 2024, which has increased to £38,500.

What if I retire early due to ill health?

Think about...	Combined pensions	Separate pensions
What if I've qualifying service of 2 years or more and have to retire early due to ill health?	Your benefits paid early due to ill health will include the value of earlier pensions moved from your last employer.	Your benefits paid early due to ill health won't include the value of earlier pensions built up from your last employer. You'd have to apply separately to WNC, as administering authority to NPF (even if you're employed by NNC), for your deferred benefits to be paid on grounds of permanent ill health.



For example, Mr Kapur:

- worked for Daventry District Council (DDC).
- joined the LGPS on 1 February 2006.
- moved to WNC on 1 April 2021 aged 56.
- on 1 August 2020 chose to keep his pensions with DDC and WNC separate, which meant his pension benefits are split into two pension records with NPF.

Looking ahead...

Mr Kapur is suffering from ill health. After getting an occupational health opinion from an independent medical practitioner, WNC agrees to

his early retirement on ill health grounds from 1 April 2024, his 59th birthday.

As he decided to separate his pensions, his ill health retirement benefits will be

worked out on only his membership with WNC from 1 April 2021 to 31 March 2024. He will need to apply separately to WNC, as administering authority to NPF, for payment of his deferred benefits on grounds of permanent ill health.

If he'd kept his pensions combined, his ill-health retirement benefits, awarded by WNC, would have been based on all his LGPS membership from 1 February 2006 to 31 March 2024 and his benefits from final salary linked membership would have been based on his 'final pay' to 31 March 2024, which has increased to £38,500.

What if I take my pension early?

Think about...	Combined pensions	Separate pensions
<p>Taking your pension early (if you've qualifying service of 2 years or more and are aged 55 or over)</p>	<p>You can choose to take your combined benefits from as early as aged 55 (normally at a reduced rate to account for the early payment). However, the combined pensions can't be paid until you've left your job with WNC or NNC, or have reached the age of 75 if earlier.</p>	<p>You can choose to take your benefits from as early as aged 55 (normally at a reduced rate to account for the early payment). The pension benefits from your WNC or NNC job can't be paid until you've left your job with them, or you've reached the age of 75 if earlier. However, the benefits built up with your last employer, don't have to be taken at the same time. They can be taken later (if under the age of 75), at the same time as, or if you're at least aged 55, earlier than the pension from WNC or NNC even if you're still working there.</p>



For example, Mrs Evans:

- worked for the Borough Council of Wellingborough (BCW).
- joined the LGPS on 1 April 1997.
- moved to NNC on 1 April 2021 aged 60.
- on 28 February 2022 chose to keep her pensions with BCW and NNC separate, which meant her pension benefits are split into two pension records with NPF.

As her pensions have been separated she decides to take her deferred LGPS pension from 1 March 2022 at a reduced rate based on all her LGPS membership up to 31 March 2021. She's still working for NNC and has been building up a further pension

with them since 1 April 2021; this can be paid once she leaves or reaches the age of 75 if earlier.

You can see the amount of pension that would be payable if you took it early on your online pension account.

How do I register for my online pension account?

Scan the QR code below to register to see your pension online. You'll need your national insurance number handy.



Or click on [login/register](#) at the top of our members' website:

pensions.northamptonshire.gov.uk

Other areas to think about...

Think about...	Combined pensions	Separate pensions
<p>Cost of living increases</p>	<p>The combined pensions built up from 1 April 2014 will be revalued each year while you remain an active member. The revaluation is currently in line with the rise in the Consumer Prices Index (CPI). However, in times of negative inflation, the revaluation could be negative.</p> <p>Once you leave, your pension is inflation proofed under Pensions Increase legislation, which is also currently set relative to CPI, but can't be negative.</p>	<p>While you remain an active member your post 31 March 2021 pension will be revalued each year, which is currently in line with the CPI. However, in times of negative inflation, the revaluation could be negative.</p> <p>Your deferred pension will be inflation proofed under Pensions Increase legislation, which is also currently set relative to CPI; in times of negative inflation, the pensions increase would be 0% (it can't be negative).</p>

Death in service lump sum

As a member of the LGPS, if you die in service, a lump sum death grant of three times your annual assumed pensionable pay at date of death would be payable. If you had a deferred pension, and die before it's paid, a lump sum death grant

equal to 5 times the deferred pension would be payable.

However, if you die in service, only one lump sum death grant can be paid so, even if you keep your deferred pension separate from your active pension, only the greater of these will be paid.

Transfer in a previous pension

As you'll be working for a new employer (WNC or NNC), you'll get a new 12 month window from 1 April 2021 to 31 March 2022 to transfer benefits from a previous pension arrangement, built up outside of the NPF and join this with your NPF benefits. After this time, you can only transfer previous pensions if your employer agrees.

A transfer in pack can be found on the active members' section of our website, on the [forms and resources page](#) under 'Joining the scheme and transferring in previous benefits'.

Transferring your LGPS pension to another pension scheme

In the future, if you leave the LGPS and join another pension scheme, you may think about moving your LGPS pension to it. However, if you have more than one LGPS pension as you had chosen to keep them separate, you couldn't transfer one LGPS pension whilst keeping the other pension in the LGPS. You would need to transfer all of the LGPS pensions or none. You can find more details on the other restrictions on transferring out on the deferred members' section of our website, on the 'Managing my pension' page under 'Transferring from the LGPS'.



The McCloud court case

When the LGPS changed from a final salary to a career average pension scheme in 2014, protections for older members were introduced. This has since been ruled as discriminatory against younger members and the Government has agreed to make changes to the LGPS to remove this discrimination but has yet to publish the exact changes.



Think about...	Combined pensions	Separate pensions
What if I qualify for the new protections that will be introduced by the Government?	Your protection will be based on your final pay when you leave the LGPS and includes your pension before and after 31 March 2021.	Your protection will be based on your final pay at 31 March 2021. You would no longer qualify for protection from 1 April 2021 to 31 March 2022 as you will have started a new pension with either WNC or NNC.

Check your pension

Scan the QR code below to register to see your pension online. You'll need your national insurance number handy.



Or click on [login/register](#) at the top of our members' website:

pensions.northamptonshire.gov.uk

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pensions@northamptonshire.gov.uk

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