**Local Government Pension Scheme**

 **Opting out - an important financial decision**

The Local Government Pension Scheme (LGPS) is an important financial benefit of your current employment and you should think very carefully before opting out. If you’re married, in a registered civil partnership or have a cohabiting partner, or have any children or expect to have them in the future, this decision could affect them. It’s therefore suggested that you consider taking independent financial advice before making a decision.

# **What benefits does the LGPS give you?**

* A guaranteed, inflation-proofed pension based on your pay in each year that you pay into the scheme.
* An option to exchange some of your annual pension for a tax-free lump sum amount.
* The option to increase your pension by paying extra contributions.
* Redundancy cover from age 55.
* A death in service lump sum of three times pensionable pay.
* Protection for your family in the form of survivors’ pensions for widows, widowers, eligible co-habiting partners, civil partners and dependant children.
* An ill-health pension from any age.

# **How much do I pay?**

You pay between 5.5% and 12.5% of your pensionable pay, depending on your rate of pay. This is only about one third of the cost of your pension; your employer pays the rest. You also don’t pay tax on this amount.

# **Will my employer pay into another pension scheme of my choosing?**

No. If you decide not to join, or to opt out of the LGPS, your employer will not pay contributions into any alternative pension arrangement you make.

# **Can I opt out now and rejoin at a later date?**

Yes, as long as you’re in a job that offers the LGPS at the point you choose to rejoin.

# **Can I combine my membership if I rejoin at later date?**

If you opt out of the LGPS in a job with which gives you a deferred benefit (and do not have another job in which you’re a member of the scheme), you won’t have the right, if you then rejoin the scheme, to combine those deferred benefits with any future period of membership in the LGPS.

# **How else can I reduce the cost of membership of the LGPS?**

You can choose to join the 50/50 section of the scheme. This allows you to pay half the rate of pension contributions of the main section and build up half the rate of pension. You do get full life cover however, even though you’re only paying half the normal rate of contribution. You can find more information on the [‘Can I pay less’ page of our website](https://lgssmember.pensiondetails.co.uk/home/members/lgps/active-members/about-the-scheme/can-i-pay-less.html).

# **How will auto-enrolment affect me, if I decide to opt out of the LGPS?**

If you opt out, your employer will need to re-enrol you into the LGPS approximately every three years on a set re-enrolment date, if you’re an eligible jobholder. However, your employer may choose not to automatically enrol you if:

* you opted out of the LGPS within 12 months of the date you’re due to be automatically enrolled; or
* you’ve given notice of your resignation or retirement, or you’ve been given notice of dismissal; or
* your employer believes that you hold a lifetime allowance protection, such as primary, enhanced or fixed protection.

If you’d rather not be in the LGPS you’ll have to opt out each time, and you’ll only have a short time to do so.

# **Can I choose the date I wish to opt out from?**

Yes, you can. There’s no time limit on opting out.

The date that written notice to end membership and opt out of the LGPS takes effect is usually the end of the pay period in which it’s received by the employer, making that the last day of membership **unless** the notice specifies a date that’s no earlier than the date it’s received by the employer, when that would be the last day of membership.

It’s your responsibility to make sure the form is completed correctly and your employer has it at the right time.

# **Will I get a refund of any pension contributions that I’ve paid?**

That will depend on how long you were a member of the LGPS for, and this could be influenced by both timing and the way you complete your opting out form.

If the length of membership from joining to the last day of membership is less than 3 months, you’ll be treated as not having been a member of the LGPS and your pension contributions will be refunded to you by your employer by their payroll system.

It’s your responsibility to make sure the form is completed correctly and your employer has it at the right time.

If the length of membership from joining to the last day of membership is 3 months or more and less than 2 years, you can claim a refund from us, not your employer.

However, you won’t be allowed a refund, if you already have a deferred benefit or are being paid a pension from a LGPS Pension Fund in England and Wales, in which case you’d get a deferred benefit. You also won’t get a refund if any of the following apply:

* A transfer of pension rights has been received from a different occupational scheme and the length of service in respect of benefits in that scheme was 2 or more years;
* The total of the period of any transferred service from a different occupational scheme and the period of time contributing to the LGPS is 2 or more years;
* A transfer value payment has been received in respect of rights accrued in a scheme or arrangement that doesn’t allow a refund of contributions to the member;
* You’ve paid National Insurance contributions whilst a member of the scheme and stopped being an ‘Active’ member of the LGPS after the end of the tax year before you became age 60 for a female or age 65 for a male if you’ve paid National Insurance at the contracted-out rate before to 5 April 1997 or State Pension Age;
* A transfer of pension rights has previously been paid to a ‘Qualifying Overseas Pension Scheme’ (QROPS);
* You’re 75 years old or more;
* You’ve rejoined the LGPS within 1 month and 1 day of opting out or before the refund has been paid.

If any of the above apply you would not be allowed a refund of pension contributions, and would instead get a deferred benefit which would stay with us until you reach retirement age **or** you could choose to transfer your pension to another pension arrangement.

# **I’d like to stay in the LGPS, what do I do now?**

You don’t need to do anything. Your membership should automatically continue. It’s worth checking that the correct contributions are being taken from your pay – you should be able to check this on your payslip.

# **I’d still like to opt out of the LGPS, what do I do now?**

Please remember that a decision not to join or to opt out of the LGPS is an important financial decision with long term consequences. If you’d like more information to help you make a decision, please email pensions@westnorthants.gov.uk

If you’d still like to opt out, you should:

* complete the attached form and send it to your employer’s payroll provider (you’re advised to get confirmation of receipt);
* check whether contributions have stopped when you get your next pay slip and, if relevant, you’ve had a refund – if not contact your employer.
* claim a refund of pension contributions from us, if relevant.

# **What do I need to do if I have more than one job with my employer?**

If you have more than one job with your employer, we’ll assume that you’d like to opt out of membership of the LGPS for all of those jobs. However, if you have more than one job with your employer and only want to opt out of membership in some but not all of those jobs, please indicate in the opt out form the name of the job (or jobs) that you’d like to opt out of membership of the LGPS.

# **Where do I send the completed opting out form?**

You must send the completed form to your employer’s payroll provider.

# **What happens after I’ve opted out?**

In all cases your employer:

* stops collecting contributions immediately after the effective date of your opt out;
* collects more Income Tax from you;

then,

* if you’ve 3 or more months in the LGPS, they will let us know that you’ve opted out; or
* if you opt out within 3 months of joining the LGPS, your employer will refund the pension contributions that have been taken. This is normally done in the pay period that contributions stop but may be done in the following period.

## **3 months or more and less than 2 years’ membership in the LGPS**

If you’ve 3 months or more and less than 2 years’ membership in the LGPS, you may be able to:

* claim a refund of pension contributions from us, unless you’re not allowed, as outlined above; or
* transfer your accrued rights to another pension arrangement.

After your employer has told us that you’d like to opt out, we’ll give you:

* the value that would be payable to you: and
* a statement of the potential transfer payable to another pension arrangement.

## **2 or more years’ membership or disqualified from getting refund**

If you’ve 2 or more years’ membership or aren’t allowed a refund, you’ll be given a deferred benefit. This will explain how your benefit has been worked out. You can’t take payment of your benefits, until you’ve left the job that you had at the time you opted out of active membership of the LGPS. There’s one exception to this, which is that the benefits must be paid before your 75th birthday, if you still have the same job at that time. You may be able to transfer your accrued rights to another pension arrangement and you should email pensions@westnorthants.gov.uk for more information.

You will not get anything from us if your contributions are refunded through payroll.

| **Cambridgeshire**Pension Fund | **Northamptonshire**Pension Fund |
| --- | --- |

 **Local Government Pension Scheme – opting out form OPTOUT**

**Please complete this form if you’re an employee who doesn’t want to be a member of the Local Government Pension Scheme (LGPS) even though you have the right to be a member. This may be because you’re a new employee who has automatically been brought into the LGPS or an existing employee that no longer wants to be a member of the scheme.**

**Return this completed form to your employer’s payroll provider**

**Section 1 – Personal details**

| **Question** | **Answer** |
| --- | --- |
| Surname |  |
| First names(s) |  |
| Title |  |
| Previous surname(s) |  |
| Date of birth |  |
| National insurance number |  |
| Address |  |
| Post code |  |
| Home email address |  |
| Home phone number |  |
| Mobile phone number |  |
| Employer |  |

**Section 2 – Current employment details**

If you have more than one job with us, we’ll assume that you’d like to opt out of membership of the LGPS in all of those jobs. However, if you have more than one job with my employer and only want to opt out of membership in some but not all of those jobs, please give the name of the job (or jobs) that you’d like to opt out of membership of the LGPS.

**Post 1**

| **Question** | **Answer** |
| --- | --- |
| Job title |  |
| Payroll reference (if known) |  |

**Post 2**

| **Question** | **Answer** |
| --- | --- |
| Job title |  |
| Payroll reference (if known) |  |

**Post 3**

| **Question** | **Answer** |
| --- | --- |
| Job title |  |
| Payroll reference (if known) |  |

**Section 3 – Date for opting out of LGPS**

Please confirm which of the following statements applies to you.

| **Question** | **Answer Yes/No** |
| --- | --- |
| I’m a new employee who doesn’t want to be in the LGPS. |  |
| I’m an existing employee who is currently contributing to the LGPS and I’d like to opt out at the end of the pay period in which this form is received by my employer. |  |
| I’m an existing employee who has been auto-enrolled into the LGPS and I’d like to opt out at the end of the pay period in which this form is received by my employer. |  |
| I’m an existing employee who is currently contributing to the LGPS and I’d like the date of the opt out to be as below. \* |  |

**Effective date of opt out \***

This date **can’t** be earlier than the date your employer receives this form. If it is, your final day of membership will be the end of the pay period in which this form is received by your employer.

| **Question** | **Answer** |
| --- | --- |
| Effective date of opt out |  |

**Section 4 – Declaration**

I declare that by opting out of the LGPS, I am knowingly giving up the opportunity to be a member of the LGPS which would provide a guaranteed package of benefits that are backed by law including:

* **a secure pension** – payable for life that increases with the cost of living
* **tax-free cash** –the option to exchange part of my pension for some tax-free cash at retirement
* **life cover** – with a lump sum of three times my pay if I die in service
* **cover for my family when I die –** including a survivor’s pension for my spouse, civil partner or eligible cohabiting partner as well as children’s pensions

and, once I have two years’ membership in the Scheme:

* **voluntary early retirement** – from the age of 55 (even though the scheme’s normal pension age is the same as my State Pension age with a minimum of age 65). Benefits taken before normal pension age may be reduced for early payment.
* **serious ill health cover** – if I have to retire due to serious illness I could get immediate benefits based on an enhanced period of scheme membership
* **redundancy cover** – early payment of pension benefits if I’m made redundant or retired on business efficiency grounds at the age of 55 or over.

I’ve read the above and understand that the choices I make now are important in planning for my retirement.

I confirm that I’d like to opt out of the LGPS in the job(s) I’ve indicated on this form.

I understand this decision will mean that:

* I may have a lower income when I retire;
* neither my dependents or I will be allowed any benefits relative to my period of non-membership;
* my employer and the Pension Fund cannot accept any liability whatsoever arising from this personal decision;
* if I remain in employment in which I am eligible for membership of the LGPS and would like to continue not to be a member, I will have to opt out, within specified timescales, each time my employer goes through the process of automatically enrolling me into the LGPS as they’ll be required to do.
* If I’m entitled to deferred benefits, and I did not have concurrent employment in which I was a member of the LGPS, I won’t be able to combine the deferred benefits with any future membership in the LGPS.
* If I’m entitled to deferred benefits, I can’t take payment of my benefits until I have left the employment on this form or my 75th birthday, whichever is the earliest.

**Please see the notes attached to this form for information about when you can sign, date and return this form. It’s important to complete this form fully.**

| **Question** | **Answer** |
| --- | --- |
| Name |  |
| Signature |  |
| Date |  |

The Cambridgeshire Pension Fund and Northamptonshire Pension Fund are a Data Controller under the General Data Protection Regulations. This means we store, hold and manage your personal data in line with statutory requirements to allow us to provide you with pension administration services. To allow us to carry out our statutory duty, we’re required to share your information with certain bodies, but will only do so in limited circumstances. For more information about how we hold your data, who we share it with and what rights you have to request information from the Fund, please visit:

[Cambridgeshire Pension Fund](https://pensions.northamptonshire.gov.uk/governance/key-documents/cambridgeshire/)

[Northamptonshire Pension Fund](https://pensions.westnorthants.gov.uk/governance/key-documents/northamptonshire/)

**Payroll declaration (official use only)**

We will use this form to end the employee’s active membership of the LGPS in accordance with their instructions. The form will be kept as a record of their choice to end membership of the LGPS, or as a record of their choice to end membership in the job or jobs they’ve indicated on this form.

| **Question** | **Answer Yes/No** |
| --- | --- |
| Less than 3 months opt out with the refund done through the payroll with tax adjustments. |  |
| 3 months or longer opt out and completed leavers certificate sent to Pensions. Appropriate tax adjustments have been made. |  |