

## Update on the Local Government Pension Scheme

August 2010

In this leaflet we cover the changes to pension provisions announced by the Government in the June 2010 budget that may impact on members of the Local Government Pension Scheme (LGPS).

### How your LGPS pension increases

The Government has announced that it intends to change the measure that it uses for cost of living increases to public sector pensions. This means that cost of living increases to pensions in payment and to deferred pensions under the LGPS would be linked to the rise in the Consumer Prices Index (CPI), rather than to the rise in the Retail Prices Index (RPI). This would apply to increases due from April 2011.

Although both indexes are measures of inflation, RPI and CPI are calculated using different methods and include different items. One major difference between RPI and CPI is that CPI does not include mortgage interest payments and so a change in mortgage interest rates would not affect CPI.

### State pension age

State pension age is the earliest age you can receive your State basic pension.

State pension age is currently age 65 for men. From 2010 State pension age for women is as shown in the table below, so that by 2020 State pension age for men and women will have been equalised at age 65.

Date of Birth	State Pension Age
Before 6 April 1950	60
6 April 1950 - 5 April 1951	Between 60 & 61
6 April 1951 - 5 April 1952	Between 61 & 62
6 April 1952 - 5 April 1953	Between 62 & 63
6 April 1953 - 5 April 1954	Between 63 & 64
6 April 1954 - 5 April 1955	Between 64 & 65
After 5 April 1955	65

Currently, State pension age for men and women is set to rise to age 66 by 2026, to age 67 by 2036 and to age 68 by 2046.

The Government has announced it is going to review whether the date at which State pension age will increase from age 65 to age 66 should be brought forward.



## **Public Service Pension Commission**

The Government has created a Public Service Pension Commission, headed by Lord Hutton, to undertake a “fundamental, structural review of public service pensions”. The Commission has been tasked with assessing the current public service pension schemes, including the LGPS, and to come forward with recommendations for future pension arrangements that are sustainable and affordable in the long term, are fair to both the public service workforce and the taxpayer and that protect existing scheme members’ accrued rights. The Commission will also consider whether there is a case for changes in the scheme to be made to deliver savings in the short-term.

The Commission has been tasked with coming forward with an initial report by the end of September 2010, with a further report in time for the 2011 budget.

## **More information**

**We hope you find this information helpful.** Further information is available from:

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This leaflet provides brief information on changes to pension provisions that may impact on members of the Local Government Pension Scheme (LGPS), as announced by the Government in the June 2010 budget. It is for general use only and does not cover every personal circumstance. In the event of any dispute as to benefits due under the LGPS the appropriate legislation will prevail. This leaflet does not confer any contractual or statutory rights and is provided for information purposes only.