

# Avon Pension Fund

## Local Government Pension Scheme

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Bath & North East  
Somerset Council

for you, for now, for the future  
**lgps**  
2014



## Transferring pension rights into the LGPS

In this section we look at transferring previous pension rights into the Local Government Pension Scheme (LGPS).

Where pension terms are used, they appear in ***bold italic*** type. These terms are defined at: [www.avonpensionfund.org.uk/glossary](http://www.avonpensionfund.org.uk/glossary)

You may be able to transfer pension rights into the LGPS from:

- a previous LGPS Fund, or
- a previous employer's pension scheme, or
- a self-employed pension plan, or
- a 'buy-out' policy, or
- a personal pension plan, or
- a stakeholder pension scheme, or
- an ***Additional Voluntary Contribution (AVC)*** arrangement including, in some cases, from an overseas pension scheme.

You cannot transfer a pension credit into the LGPS. A pension credit is a share of an ex-spouse's or ***ex-civil partner's*** pension benefits, as awarded by a Court under a Pension Sharing Order, or by a qualifying agreement in Scotland, following a divorce or a dissolution of a ***civil partnership***.

### If you have previous LGPS pension rights in England or Wales

If you re-join the LGPS after having previously built up LGPS pension rights (i.e. you previously left an LGPS employment with deferred benefits) then these deferred benefits **can** be joined with your new active ***pension account*** in the scheme unless you became entitled to the deferred benefit as a result of making an election, on or after 11 April 2015, to opt out of membership of the scheme. If that is the case, you will not be permitted to join the two periods of membership together and, instead, you will have two separate sets of pension benefits in the scheme.

If you re-join the LGPS after having previously left an LGPS employment without building up pension rights but you deferred taking a refund of contributions (normally where you have less than two years membership) then this deferred refund **must** be joined with your new active ***pension account*** in the scheme.

Where you have more than one employment and therefore more than one ***pension account*** in the LGPS you can elect which account to aggregate your previous LGPS pension rights with.

**I have deferred benefits in the LGPS in England or Wales (which I did not become entitled to as a result of making an election, on or after 11 April 2015, to opt out of membership of the scheme). What happens to these when I re-join the scheme?**

When you re-join the LGPS you have 12 months from re-joining (or such longer period as your employer may allow) to elect to keep your deferred benefits separate from your new **pensions account** otherwise these deferred benefits are automatically joined with your new **pensions account**.

Where you have more than one employment and therefore more than one active **pension account** in the LGPS you can elect which account to aggregate your deferred benefits with. Special rules apply if you were a member of the LGPS in England or Wales on or before 31 March 2014. These are set out below.

- **If you were a member of the LGPS on both 31 March 2014 and 1 April 2014**

and subsequently:

- left an employment
- opted out before 11 April 2015, or
- opted out of one employment but remained an active member in another concurrent employment

with **deferred benefits**, provided you did not have a continuous break of more than five years in active membership of any **public service pension scheme**, your deferred benefits will automatically be joined with your new **pension account** (or, where the deferred benefits arose from the cessation of a concurrent job, will be joined with the **pension account** from the ongoing employment) unless you elect within 12 months of re-joining to keep your deferred benefits separate. If the benefits are joined and you have more than one **pension account** you will need to choose which account the deferred benefits are to be added to.

Where the benefits are joined, the pension from the former employment which you built up on or after 1 April 2014 will be added to your active **pension account**.

The membership you built up before 1 April 2014 will continue to be calculated as a **final salary benefit**, with your **final pay** when you leave the active employment used to work out the benefits for your pre 1 April 2014 membership.

- **If you were a member of the LGPS at both the 31 March 2014 and 1 April 2014** and subsequently left an employment (or opted out before 11 April 2015) with **deferred benefits**, with a continuous break of more than five years in active membership of any **public service pension scheme**, your deferred benefits will automatically be joined with your new **pension account** unless you elect within 12 months of re-joining to keep your deferred benefits separate. If the benefits are joined and you have more than one **pension account** you will need to choose which account the deferred benefits are to be added to.

Where the benefits are joined, the pension from the former employment which you built up on or after 1 April 2014 will be added to your active **pension account**.

The membership you built up before 1 April 2014 will purchase an amount of pension under the rules of the scheme at the time of the transfer and this will be added to your active **pension account**.

- **If you were a member of the LGPS before 31 March 2014** and left an employment (or opted out) before this date with **deferred benefits** then provided you did not have a continuous break of more than five years in active membership of any **public service pension scheme** and you re-joined the LGPS after 31 March 2014 you can elect within 12 months of re-joining to be treated as a member of the scheme on 31 March 2014 and 1 April 2014.

If you choose to be treated as a member of the scheme on these dates, your membership (built up) before 1 April 2014 will automatically be joined with your new **pension account** and will continue to be calculated as a final salary benefit with your **final pay** when you leave the active employment used to work out the benefits for your pre 1 April 2014 membership.

If you do not choose to be treated as a member of the scheme on 31 March 2014 and 1 April 2014, you can elect for the membership you built up before 1 April 2014 to purchase an amount of pension under the rules of the scheme at the time of the transfer and this will be added to your active **pension account**. If you do not make such an election you will retain separate deferred benefits.

- **If you were a member of the LGPS before 31 March 2014** and left an employment (or opted out) before this date with **deferred benefits** with a continuous break of more than five years in active membership of any **public service pension scheme** and you re-joined the LGPS after 31 March 2014 you can elect for these deferred benefits to be transferred to your new **pension account**. Where you elect for that to happen, the membership you built up before 1 April 2014 will purchase an amount of pension under the rules of the scheme at the time of the transfer and this will be added to your active **pension account**. If you do not make such an election you will retain separate deferred benefits.

**In any of the above situations, if you elect to keep your deferred benefits separate** from your new active **pension account** then the value of the deferred benefits will increase to keep up with the cost of living.

### **I have a deferred refund in the LGPS in England or Wales. What happens to this refund when I re-join the scheme?**

When you re-join the LGPS you must, if you have not had a break of more than 5 years in active membership of the LGPS in England or Wales, combine the pension in your deferred refund account with your new active **pension account**.

Where you have more than one employment and therefore more than one active **pension account** in the LGPS you can elect which account to aggregate your deferred refund with.

However, if you have had a break of more than 5 years in active membership of the LGPS in England or Wales, you will not be able to combine the pension in your deferred refund account with your new active **pension account** and must, instead, take a refund of contributions.

Special rules apply if you were a member of the LGPS in England or Wales on or before 31 March 2014. These are set out below.

- **If you were a member of the LGPS at both 31 March 2014 and 1 April 2014** and subsequently left an employment (or opted out) with a deferred refund, provided you did not have a break of more than five years in active membership of the LGPS in England or Wales your deferred refund will automatically be joined with your new **pension account** (or, where the deferred refund arose from the cessation of a concurrent job, automatically be joined with the **pension account** from the ongoing employment). If you have more than one active **pension account** you will need to choose which one the deferred refund is to be added to.

The pension from the former employment which you built up on or after 1 April 2014 will be added to your active **pension account**.

The membership you built up before 1 April 2014 will continue to be calculated as a final salary benefit, with your **final pay** when you leave the active employment used to work out the benefits for your pre 1 April 2014 membership.

However, if you did have a break of more than five years in active membership of the LGPS in England or Wales, you will not be able to combine your deferred refund with your new active pension account and must, instead, take a refund of contributions.

- **If you were a member of the LGPS before 31 March 2014** and left an employment (or opted out) before this date with a deferred refund and subsequently re-joined the LGPS after 31 March 2014, your deferred refund will purchase an amount of pension under the rules of the scheme at the time of the transfer and this will be added to your active **pension account**.

To find out more on protections for membership built up before 1 April 2014 and see how this is calculated read the section **If you joined the LGPS before 1 April 2014**.

If you wish to transfer your previous LGPS pension rights you should contact Avon Pension Fund as soon as possible to find out about this and about the matters you will need to consider in making your decision.

Pension rights built up as a councillor or mayor in England or Wales cannot be joined with rights built up as an employee in England or Wales and vice versa.

### **If you have pension rights in a non – LGPS arrangement**

If you have paid into a non-LGPS pension arrangement, you may be able to transfer your previous pension rights into the LGPS. A non-LGPS arrangement must be another **registered pension scheme** or from a European pensions institution. For details on how, under **Club transfer rules**, transfers from another **public service pension scheme** are treated, including a transfer from the LGPS in Scotland or Northern Ireland, see **Transfers from another public service pension scheme** below.

You have only 12 months from joining the LGPS to opt to transfer your previous pension rights, unless your employer allows you longer. This is a **discretion** and you can ask your employer what their policy is on this.

If you opt to transfer pension rights from a non-LGPS arrangement then a sum of money called a **transfer value** is offered to buy an amount of extra pension which would be added to your **pension account**. If you transfer your previous pension rights into the LGPS your retirement benefits will be increased. The extra pension is added to your **pension account** in the **scheme year** that the transfer payment is received.

Any request you make to investigate a transfer will not be binding until you have been supplied with full details of the amount of extra pension the transfer payment would buy and subsequently confirm that you wish the transfer to go ahead. Transfer quotations provided by a former pension provider are generally guaranteed for 3 months.

You will need to consider whether to transfer or not, as a transfer may not always be advantageous. You should compare the amount of extra pension the transfer payment would buy in the LGPS, when that pension is normally payable from (i.e. your **Normal Pension Age**) and the other LGPS benefits (e.g. the ability to retire and take benefits earlier than **Normal Pension Age**, death and survivor benefits, etc.) against the value of the package of benefits if left with your previous pension scheme provider.

Transfers from public sector schemes are treated differently if transferred in under **Club transfer rules** - see **If you have pension rights with another public service pension scheme** below for more information on this type of transfer.

Transferring your pension rights is not always an easy decision to make, and you may wish to seek the help of an independent financial adviser.

Your employer may decline to accept a transfer from a non-LGPS arrangement.

### **If you have pension rights with another public service pension scheme**

If you have previously been a member of another **public service pension scheme** and:

- You have not had a break of more than five years between leaving another **public service pension scheme** (including the LGPS in Scotland or Northern Ireland) and joining the LGPS in England and Wales and
- Your election to transfer pension rights from that other **public service pension scheme** is made within 12 months of joining the LGPS in England and Wales,

Then the transfer may be dealt with under preferential rules known as **Club transfer rules**.

Under the **Club transfer rules** if you opt to transfer pension rights from a **public service pension scheme** the amount of extra pension which is added to your **pension account** will be equal to the amount of pension you had built up in your pension account with your previous pension scheme (increased by that scheme's 'in-service' revaluation rate if there had been a break between leaving that scheme and joining the LGPS and adjusted to take account of differences in the schemes).

The extra pension would be added to your **pension account** in the LGPS in the **scheme year** that the transfer payment is received.

Also, under the **Club transfer rules**, where a transfer from another **public service pension scheme** includes a final salary element (membership built up in a final salary scheme which in most cases is membership up to 31 March 2015) that element would buy final salary scheme membership in the LGPS provided you have not had a continuous break in active membership of a **public service pension scheme** of more than 5 years. The transfer value will give you broadly equivalent benefits in the LGPS, provided you apply for the transfer within 12 months of joining the LGPS.

If you were an active member of the other **public service pension scheme** on 31 March 2012 and were within 10 years of age 65 on 1 April 2012, you may qualify for the **underpin** protection in the LGPS. The underpin protection means that you will get a pension at least equal to the pension you would have received in the LGPS if the scheme had not changed on 1 April 2014. To find out more about the underpin read the section **If you Joined the LGPS Before 1 April 2014**.

### **I have a personal or stakeholder pension plan. Can I continue paying into it?**

If you have a personal or stakeholder pension plan you can continue to pay into it at the same time as paying into the LGPS or, alternatively, you can stop paying into it and consider transferring it into the LGPS.

You can, if you wish, pay up to 100% of your total UK taxable earnings in any one tax year into any number of concurrent pension arrangements of your choice (or, if greater, £3,600 to a "tax relief at source" arrangement, such as a personal pension or stakeholder pension scheme) and be eligible for tax relief on those contributions. Under HM Revenue and Customs rules there are controls on the pension savings you can have before you become subject to a tax charge. Most people will not

be affected by these controls. To find out more, see the section on **Tax controls and your LGPS benefits**.

### **I have paid *Additional Voluntary Contributions (AVCs)*. Can I transfer them into the LGPS?**

If you have paid AVCs to the LGPS in England or Wales, the accrued value of your AVCs must be transferred to an AVC arrangement offered by your new administering authority if you transfer your main scheme benefits.

However, there is an exception to this rule. If you were previously a member of the LGPS on 31 March 2014 and 1 April 2014 (or you were not a member on those dates but elect within 12 months of returning to the LGPS to be treated as if you had been a member on those dates) and you do not have a continuous break in active membership of a **public service pension scheme** of more than 5 years, you can choose not to transfer the accrued value of your AVCs to an AVC arrangement offered by your new administering authority.

If you have paid AVCs to a scheme (other than to the LGPS in England or Wales) or you have paid Free-Standing AVC (FSAVCs) you may be able transfer your accrued AVC fund into the main LGPS pension scheme. An election to do so must be made within 12 months of joining the LGPS, unless your employer exercises a **discretion** to allow you longer. You can ask your employer what their policy is on this.

### **How do I transfer?**

Avon Pension Fund can advise you of their process for transferring previous pension rights into the LGPS.

**Remember**, you only have 12 months from joining the LGPS to opt to transfer your previous pension rights, unless your employer and, in the case of a transfer from a non-LGPS scheme, Avon Pension Fund allows you longer.

### **I've lost touch with my previous pension provider. Who can help?**

You may have lost touch with your former pension schemes but, if you have, don't worry as the Pension Tracing Service can help. It holds details of almost 200,000 UK pension schemes and provides a tracing service free of charge.

You can contact them at:

The Pension Tracing Service  
The Pension Service 9  
Mail Handling Site A  
Wolverhampton, WV98 1LU

Telephone 0800 732 0193

Or visit: [www.gov.uk/find-lost-pension](http://www.gov.uk/find-lost-pension)

**Don't forget to keep your pension providers up to date with any change in your home address.**

## More information

For more information or if you have a problem or question about your LGPS membership or benefits, please contact:

Avon Pension Fund  
Bath and North East Somerset Council

Web: [www.avonpensionfund.org.uk](http://www.avonpensionfund.org.uk)  
E-mail: [avonpensionfund@bathnes.gov.uk](mailto:avonpensionfund@bathnes.gov.uk)  
Tel: 01225 395100

The national website for members of the LGPS can be found at [www.lgpsmember.org](http://www.lgpsmember.org).

You can find out about what you can do if you are not happy about a decision made about your LGPS pension position from the section **Help with Pension Problems**.

## Disclaimer

The information in this guide applies to individuals who were contributing members of the Local Government Pension Scheme on 1st April 2014 or who have since joined.

The guide was up-to-date at the time of publication in June 2019. This guide is for general use and cannot cover every personal circumstance nor does it cover specific protected rights that apply to a very limited number of employees. In the event of any dispute over your pension benefits, the appropriate legislation will prevail as this guide does not confer any contractual or statutory rights and is provided for information purposes only.

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