

# Avon Pension Fund

## Local Government Pension Scheme

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## Leaving your job before retirement

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**In this section we look at what happens to your LGPS benefits on leaving your job before retirement if you pay into the LGPS on or after 1 April 2014.**

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)

### Vesting period for LGPS pension entitlement

**If you leave your job before retirement and have met the 2 years *vesting period*** you will have built up an entitlement to a pension. You will have two options in relation to that pension entitlement:

- you can choose to keep your benefits in the LGPS. These are known as deferred benefits and will increase every year in line with the cost of living, or
- alternatively, you may be able to transfer your deferred benefits to another pension arrangement.

**If you leave your job before retirement and have not met the 2 years *vesting period*** you will have three options:

- you will normally be able to claim a refund of your contributions, less a deduction for tax and the cost, if any, of buying you back into the ***State Second Pension (S2P)*** in respect of your membership up to 5 April 2016 when the LGPS was contracted out of the ***State Second Pension (S2P)***. Interest is paid if the refund is not made within one year of leaving but no refund can be made if you re-join the scheme in England or Wales within a month and a day of leaving or re-join before the refund has been paid
- you may be able to transfer your benefits to a new pension arrangement (providing you have been a member of the LGPS for at least 3 months)
- you can delay your decision until you either re-join the LGPS, transfer your benefits to a new pension arrangement, or want to take a refund of contributions. If you delay your decision you will have what is known as a deferred refund ***pension account***. Please note, that the deferred refund account can only be held for a maximum of five years or until age 75, whichever is earlier. If you have not transferred your benefits to a new pension arrangement or re-joined the LGPS by that time a refund of contributions will automatically be payable to you.

If you have not met the 2 years ***vesting period*** when you leave but joined before 1 April 2014 and you have 3 or more months' membership you will have an entitlement to a deferred benefit instead of a refund (but you can opt within 6 months of leaving to receive a refund if you wish).

### **If I'm eligible for a refund of contributions how is this worked out?**

If you leave the scheme before meeting the 2 years ***vesting period*** you can choose a refund of contributions. A refund of contributions will include:

- any pension contributions you have paid, and
- any additional pension contributions or AVCs you have paid (other than AVCs paid for additional life cover), and
- any contributions you paid which were included in a transfer payment which the LGPS received from another pension arrangement.

A refund of contributions will have a deduction for tax and the cost, if any, of buying you back into the **State Second Pension (S2P)** in respect of your membership up to 5 April 2016 when the LGPS was contracted out of the **State Second Pension (S2P)**. If a refund is not paid within a year of you leaving the scheme then interest is payable. The rate of interest is 1% above base rate from the date you left the scheme to the day the refund is paid (compounded with three monthly rests).

Your refund of contributions must be paid within 5 years of your leaving the scheme (or age 75 if earlier). At that point a refund of contributions is automatically paid to you.

No refund can be made if you re-join the scheme in England or Wales within a month and a day of leaving, or re-join before the refund has been paid, or continue to hold another job in which you are a member of the scheme and which you held at the same time as the job you have left.

### What will happen to my benefits if I've met the 2 year vesting period?

If you've met the 2 year **vesting period** the amount held in your active **pension account** up to your date of leaving is transferred to a deferred **pension account** and you then have what are known as deferred benefits. The value of the pension in your deferred **pension account** is held in the LGPS for you until either you decide to transfer the value to another pension scheme, or the deferred benefits are due to be paid.

Your personal deferred benefits package consists of an annual pension, payable throughout your retirement, with an option on retirement to exchange some pension for a one off tax-free lump sum. It also includes life cover and financial protection for your family.

### How are deferred benefits worked out?

Your deferred benefits will be calculated as follows:

- Your deferred **pension** in respect of your membership of the scheme **after 31 March 2014** is the value of the pension you have built up in your active **pension account** at the point of leaving. That amount of pension is transferred from your active **pension account** to your deferred **pension account**.

When you take your deferred benefits you will be given the option to exchange some of your annual pension for a **one off tax-free lump sum**. You receive £12 lump sum for each £1 of annual pension given up. You can take up to 25% of the capital value of your pension benefits as a lump sum<sup>1</sup>.

- The part of your deferred **pension** in respect of any membership of the scheme you have **between 1 April 2008 and 31 March 2014** is calculated by dividing any period of membership you have falling between those dates by 60 and multiplying the resulting figure by your **final pay** on leaving.

<sup>1</sup> Limited to £263,750 (2019/20 figure) or if you have previously taken payment of (crystallised) pension benefits, 25% of your remaining lifetime allowance.

When you take your deferred benefits you will be given the option to exchange some of your annual pension for a **one off tax-free lump sum**. You receive £12 lump sum for each £1 of annual pension given up. You can take up to 25% of the capital value of your pension benefits as a lump sum<sup>1</sup>.

- The part of your deferred **pension** in respect of any membership of the scheme you have between **before 1 April 2008** is calculated by dividing any period of membership you have falling before that date by 80 and multiplying the resulting figure by your **final pay** on leaving.

In addition you will be entitled to an **automatic tax-free lump sum** of three times your pension for membership before 1 April 2008. You can also exchange part of the pre April 2008 pension for extra lump sum as described above.

For more information and examples of how benefits built up before April 2014 are worked out see the **If you Joined the LGPS before 1 April 2014** section.

### **What if I paid extra?**

If you have been paying extra contributions your contributions will cease when you leave the LGPS. If you leave with deferred benefits you will benefit from those extra contributions.

### **If you are buying extra LGPS pension by paying Additional Pension Contributions (APCs) and /or Additional Regular Contributions (ARCs)**

You will be credited with the extra pension you have paid for at the time of leaving. This will increase the value of your deferred benefits and any transfer value paid to a new pension arrangement.

### **If you are buying extra years in the LGPS (Added Years)**

You will be credited with the extra period of membership that you have paid for at the time of leaving. This will increase the value of your deferred benefits and any transfer value paid to a new pension arrangement. The extra benefits will be calculated on the same basis you had agreed to buy them.

If you move to a new employer in the LGPS in England or Wales within 12 months of leaving, you can carry on paying the additional contributions to buy extra years provided you also pay them to cover the period between leaving and starting your new job and you join your pension rights together. You must contact your new LGPS administrator within 3 months of re-joining to arrange this.

### **If you pay Additional Voluntary Contributions (AVCs) arranged through the LGPS (in-house AVCs)**

The value of your AVC fund will continue to be invested until it is paid out. Your AVC plan can be:

- transferred to another pension arrangement, including to a scheme that offers flexible benefits, or
- taken at the same time as your LGPS benefits.

See the section on **contribution flexibility** for more information about transferring your AVC to a scheme that provides flexible benefits.

If you elected to pay AVCs on or after 1 April 2014 and you choose to transfer your main LGPS benefits to another LGPS administering authority in England and Wales your AVC must be transferred too.

### **If you are paying additional contributions to buy extra *cohabiting partner's* survivor pension**

The period of your pre 6 April 1988 membership that you have paid extra for at the time of leaving will be included in the calculation of any survivor's pension payable to an ***eligible cohabiting partner*** on your death.

### **My LGPS benefits are subject to a Pension Sharing Order. How does this affect my deferred benefits?**

**If your LGPS benefits are subject to a Pension Sharing Order** issued by the Court following divorce or dissolution of a ***civil partnership***, or are subject to a qualifying agreement in Scotland, your deferred benefits will be reduced in accordance with the Court Order or agreement. For more information see the section on **[Pensions and divorce or dissolution of a civil partnership](#)**.

### **When are deferred benefits paid?**

Your deferred benefits are normally payable at your ***Normal Pension Age*** in the LGPS. Your ***Normal Pension Age*** is linked to your ***State Pension Age*** (but with a minimum of age 65). They can be paid earlier, or later than your ***Normal Pension Age***. There are two ways they can be paid earlier:

- early payment of deferred benefits at your request, or
- early payment of deferred benefits due to permanent ill health.

### **Early payment of deferred benefits at your request**

You can choose to take early payment of your deferred benefits from age 55. You do not need your former employer's consent to take your pension before your ***Normal Pension Age***.

If you choose to take your deferred benefits before your ***Normal Pension Age*** your benefits will normally be reduced to take account of their early payment and the fact that your pension will be paid for longer. How much your deferred benefits are reduced by depends on how early you take them.

The reduction is calculated in accordance with guidance issued by the Secretary of State from time to time. The reduction is based on the length of time (in years and days) that you retire early i.e. the period between the date your benefits are paid and your ***Normal Pension Age***.

As a guide, the percentage reductions (effective from 8 January 2019) for retirements up to 13 years early are shown in the table below. Where the number of years is not exact, the reduction percentages are adjusted accordingly.

<b>Number of years paid early</b>	<b>Pension reduction</b>	<b>Lump sum reduction</b>
0	0.0%	0.0%
1	5.1%	2.3%
2	9.9%	4.6%
3	14.3%	6.9%
4	18.4%	9.1%
5	22.2%	11.2%

Number of years paid early	Pension reduction	Lump sum reduction
6	25.7%	13.3%
7	29.0%	15.3%
8	32.1%	17.3%
9	35.0%	19.2%
10	37.7%	21.1%
11	41.6%	N/A
12	44.0%	N/A
13	46.3%	N/A

Please note that if you built up pension in the LGPS before 1 April 2014 then protections are in place for the **Normal Pension Age** that applies to those benefits. In addition, if you were a member of the LGPS at any time between 1 April 1998 and 30 September 2006, some or all of your benefits paid early could be protected from the reduction if you are a rule of 85 protected member. You can find out more about these protections from the section [If you Joined the LGPS before 1 April 2014](#).

Your former employer can agree to waive any reduction. This is a **discretion** and you can ask your employer what their policy on this is.

### Early payment of deferred benefits due to permanent ill health

The second method of obtaining early payment of your deferred benefits is on the grounds of permanent ill health. You can apply for payment of your deferred benefits at any age, without reduction if, because of your health, you are permanently incapable of doing the job you were working in when you left the LGPS and you are unlikely to be capable of undertaking any gainful employment within 3 years of applying for the benefit or by your **Normal Pension Age**, whichever is earlier.

### Payment of deferred benefits at or after **Normal Pension Age**

If you do not take early payment of deferred benefits under either of the two methods outlined above, the deferred benefits will be paid from your **Normal Pension Age** unless you opt to delay payment beyond that age. If you take your deferred benefits after your **Normal Pension Age** your pension will be increased for each day payment of your pension is delayed beyond **your Normal Pension Age**. Deferred benefits must be paid before age 75.

If your pension is not in payment at age 60 (women) or 65 (men), the **Guaranteed Minimum Pension (GMP)** element (if any) of your pension must be paid from that age (unless you are still in some employment at that time and consent to postponement of payment of your **GMP**).

### Keeping in touch

If you change address, please remember to let Avon Pension Fund know so we can keep in touch with you – something that's especially important when you come to take your deferred benefits.

### Your employer can:

- reduce your pension benefits if you cease to be employed as a result of a criminal, negligent or fraudulent act or omission as a result of which you have incurred some monetary obligation to the employer.
- forfeit your pension rights if the Secretary of State for Communities and Local Government agrees and you have been convicted of a serious offence connected with your employment and because of which you left your employment.

## You are not allowed to:

- assign your benefits. Your LGPS benefits are strictly personal and cannot be assigned to anyone else or used as security for a loan.

## How do deferred benefits keep their value?

In the year you leave the LGPS the value of pension in your **pension account** (in respect of your membership from 1 April 2014 onwards ONLY) is revalued up to the date of leaving in line with the revaluation applied to active members of the LGPS.

This means that if the cost of living has gone down in the year ending 30 September in the **scheme year** in which you leave, it is possible that the value of deferred pension in your **pension account** could reduce.

For the period after your date of leaving your total deferred benefits (including the benefits you built up before 1 April 2014) will be increased in line with the cost of living. However, if the cost of living goes down your deferred benefits will not be reduced. Your pension will also continue to receive cost of living increases every year once it is paid to you.

On your benefits being paid on or after age 55, or if your benefits are paid before age 55 because of ill health and you are permanently incapacitated from engaging in any regular full-time employment, your benefits will be increased each year in line with the cost of living. Otherwise, if you take your benefits before age 55 you will normally have to wait until your 55th birthday for your first cost of living increase, when your pension will be increased to the level it would have been had it been increased each year.

## Do the tax rules on savings cover deferred benefits?

There are HM Revenue and Customs controls on your total pension savings - not including any state retirement pension, state pension credit or any spouse's, **civil partner's**, **eligible cohabiting partner's** or dependant's pension you may be entitled to.

You can find out about HM Revenue and Customs controls on your pension savings from the section on **Tax controls and your LGPS benefits**.

Avon Pension Fund will let you know the value of your LGPS benefits when they are paid and ask you about any other pensions you may have in payment, so we can work out whether to deduct a tax charge.

## What will happen if I die before receiving my deferred benefits?

If you leave with deferred benefits after 31 March 2014 and die before receiving them, the following benefits are payable:

**A lump sum death grant** of five times your deferred annual pension. Avon Pension Fund has absolute **discretion** when deciding who to pay any death grant to. The LGPS allows you to express your wish as to who you would like any death grant to be paid to by completing and returning an expression of wish form. You can complete an expression of wish form at any time.

If any part of the death grant has not been paid within two years it must be paid to your personal representatives i.e. to your Estate. Your personal representatives will need to inform HM Revenue and Customs if, together with the lump sum death grant, the value of all your pension benefits - but not including any spouse's, **civil partner's**, **eligible cohabiting partner's** or dependant's pension

you may be entitled to – exceeds the HM Revenue and Customs lifetime allowance. Under HM Revenue and Customs rules, any excess will be subject to a recovery tax charge. Most scheme members' pension savings will be significantly less than the allowance. You can find more information on this from the section on **Tax controls and your LGPS benefits**.

If you left with deferred benefits **before** 1 April 2014 and die before receiving them and you are also an active member when you die, the greater of the following will be paid:

- **A lump sum death grant** of 5 times (or, if you left before 1 April 2008, 3 times) your deferred annual pension, **or**
- **A death in service lump sum** of three times your **assumed pensionable pay**

If you leave with deferred benefits **after** 31 March 2014 and die before receiving them and you are also an active member when you die, the greater of the following benefits are payable:

- **A lump sum death grant** of 5 times your deferred annual pension, **or**
- **A death in service lump sum** of three times your **assumed pensionable pay**

If you leave with deferred benefits **after** 31 March 2014 and also have deferred benefits from an earlier period of membership which ended **before** 1 April 2014 and die before receiving them the following benefits are payable:

- **A lump sum death grant** of 5 times the deferred benefits awarded **after** 31 March 2014, plus 5 times the deferred annual pension for deferred benefits awarded **between** 1 April 2008 and 31 March 2014, plus 3 times the deferred annual pension for deferred benefits awarded **before** 1 April 2008.

**A survivor's pension.** A pension will be paid to your spouse, registered **civil partner** or, subject to certain qualifying conditions, your **eligible cohabiting partner**. This pension is payable immediately after your death for the rest of their life and will increase every year in line with the cost of living.

- **For your spouse (from an opposite sex or same sex marriage):**

For each year of membership you built up **from** 1 April 2014 you were credited with a pension equal to a proportion (i.e.  $1/49^{\text{th}}$  or, for any period you were in the 50/50 section of the scheme,  $1/98^{\text{th}}$ ) of the **pensionable pay** (or **assumed pensionable pay** where applicable) you received during that year. The pension payable to your spouse is calculated on a different proportion i.e.  $1/160^{\text{th}}$  of the **pensionable pay** (or **assumed pensionable pay** where applicable) to which is added  $49/160^{\text{ths}}$  of the amount of any pension credited to your **pension account** following a transfer of pension rights into the scheme from another pension scheme or arrangement.

For final salary membership built up **before** 1 April 2014, the pension payable is equal to  $1/160^{\text{th}}$  of your **final pay** times the period of your membership in the scheme up to 31 March 2014 on which your deferred pension is based, unless you marry after leaving in which case it could be less. If you marry while your pension is deferred:

- the survivor's pension payable to the husband of a female Scheme member is based on membership after 5 April 1988
- the survivor's pension payable to the wife of a male Scheme member is based on membership after 5 April 1978
- the survivor's pension payable to the male or female spouse who was in a same sex marriage with the Scheme member is based on membership after 5 April 1988.

- **For your civil partner.**

For each year of membership you built up **from** 1 April 2014 you were credited with a pension equal to a proportion (i.e. 1/49<sup>th</sup> or, for any period you were in the 50/50 section of the scheme, 1/98<sup>th</sup>) of the **pensionable pay** (or **assumed pensionable pay** where applicable) you received during that year. The pension payable to your **civil partner** is calculated on a different proportion i.e. 1/160<sup>th</sup> of the **pensionable pay** (or **assumed pensionable pay** where applicable) to which is added 49/160<sup>ths</sup> of the amount of any pension credited to your **pension account** following a transfer of pension rights into the scheme from another pension scheme or arrangement.

For final salary membership built up **before** 1 April 2014, the pension payable is equal to 1/160<sup>th</sup> of your **final pay** times the period of your membership in the scheme up to 31 March 2014 (including any additional membership purchased by you) upon which your deferred pension is based unless you enter into a **civil partnership** after leaving in which case your **civil partner's** pension would be based on your membership after 5 April 1978 (or on all of your membership if you became a deferred member before 1 April 2014 and had made an election before 1 April 2015 for pre 6 April 1978 membership to also count).

- **For your eligible cohabiting partner.**

For each year of membership you built up **from** 1 April 2014 you were credited with a pension equal to a proportion (i.e. 1/49<sup>th</sup> or, for any period you were in the 50/50 section of the scheme, 1/98<sup>th</sup>) of the **pensionable pay** (or **assumed pensionable pay** where applicable) you received during that year. The pension payable to your **eligible cohabiting partner** is calculated on a different proportion i.e. 1/160<sup>th</sup> of the **pensionable pay** (or **assumed pensionable pay** where applicable) to which is added 49/160<sup>ths</sup> of the amount of any pension credited to your **pension account** following a transfer of pension rights into the scheme from another pension scheme or arrangement.

For final salary membership built up **before** 1 April 2014, the pension payable is equal to 1/160<sup>th</sup> of your **final pay** times the period of your membership in the scheme after 5 April 1988 and up to 31 March 2014 (including any additional membership purchased by you), upon which your deferred pension is based, **plus** any of your membership before 6 April 1988 for which, under an election made before 1 April 2014, you have paid additional contributions so that it counts towards an **eligible cohabiting partner's** pension.

If your deferred pension is subject to a Pension Sharing Order issued by the Court following an earlier divorce or dissolution of a **civil partnership**, or is subject to a qualifying agreement in Scotland, your spouse's, **civil partner's** or **eligible cohabiting partner's** pension will be reduced in consequence of that Court Order or agreement. For more information see the section on **Pensions and divorce or dissolution of a civil partnership**.

If your membership in the LGPS includes a **Guaranteed Minimum Pension (GMP)**, the survivor pension for that part of your membership before 6 April 1997 must not be less than half your **GMP** built up after 5 April 1988. If you are a man who is survived by a wife, the survivor pension for that part of your membership built up before 6 April 1997 must not be less than half of your total **GMP**.

**Children's pensions** - these are payable to **eligible children** and increase every year in line with the cost of living.

The amount of pension depends on the number of **eligible children** you have:

- **If a survivor's pension is being paid to your spouse (from an opposite sex or same sex marriage), civil partner or eligible cohabiting partner,**



**One child** would receive a pension calculated as follows:

For each year of membership you built up **from** 1 April 2014 you were credited with a pension equal to a proportion (i.e.  $1/49^{\text{th}}$  or, for any period you were in the 50/50 section of the scheme,  $1/98^{\text{th}}$ ) of the **pensionable pay** (or **assumed pensionable pay** where applicable) you received during that year. The child's pension payable is calculated on a different proportion i.e.  $1/320^{\text{th}}$  of the **pensionable pay** (or **assumed pensionable pay** where applicable) to which is added  $49/320^{\text{ths}}$  of the amount of any pension credited to your **pension account** following a transfer of pension rights into the scheme from another pension scheme or arrangement.

For final salary membership built up **before** 1 April 2014, the pension payable is equal to  $1/320^{\text{th}}$  of your **final pay** times the period of your membership in the scheme up to 31 March 2014 on which your deferred pension is based.

**Two or more children** would receive a pension calculated as follows:

For each year of membership you built up **from** 1 April 2014 you were credited with a pension equal to a proportion (i.e.  $1/49^{\text{th}}$  or, for any period you were in the 50/50 section of the scheme,  $1/98^{\text{th}}$ ) of the **pensionable pay** (or **assumed pensionable pay** where applicable) you received during that year. The children's pension payable is calculated on a different proportion i.e.  $1/160^{\text{th}}$  of the **pensionable pay** (or **assumed pensionable pay** where applicable) to which is added  $49/160^{\text{ths}}$  of the amount of any pension credited to your **pension account** following a transfer of pension rights into the scheme from another pension scheme or arrangement. The pension would be shared equally between the **eligible children**.

For final salary membership built up **before** 1 April 2014, the pension payable is equal to  $1/160^{\text{th}}$  of your **final pay** times the period of your membership in the scheme up to 31 March 2014 on which your deferred pension is based. The pension would be shared equally between the **eligible children**.

- **If there is no spouse's, civil partner's or eligible cohabiting partner's pension being paid,**

**One child** would receive a pension calculated as follows:

For each year of membership you built up **from** 1 April 2014 you were credited with a pension equal to a proportion (i.e.  $1/49^{\text{th}}$  or, for any period you were in the 50/50 section of the scheme,  $1/98^{\text{th}}$ ) of the **pensionable pay** (or **assumed pensionable pay** where applicable) you received during that year. The child's pension payable is calculated on a different proportion i.e.  $1/240^{\text{th}}$  of the **pensionable pay** (or **assumed pensionable pay** where applicable) to which is added  $49/240^{\text{ths}}$  of the amount of any pension credited to your **pension account** following a transfer of pension rights into the scheme from another pension scheme or arrangement.

For final salary membership built up **before** 1 April 2014, the pension payable is equal to  $1/240^{\text{th}}$  of your **final pay** times the period of your membership in the scheme up to 31 March 2014 on which your deferred pension is based.

**Two or more children** would receive a pension calculated as follows:

For each year of membership you built up **from** 1 April 2014 you were credited with a pension equal to a proportion (ie  $1/49^{\text{th}}$  or, for any period you were in the 50/50 section of the Scheme,  $1/98^{\text{th}}$ ) of the **pensionable pay** (or **assumed pensionable pay** where applicable) you received during that year. The children's pension payable is calculated on a different proportion ie  $1/120^{\text{th}}$  of the **pensionable pay** (or **assumed pensionable pay** where applicable) to which is added  $49/120^{\text{ths}}$  of the amount of any pension credited to your **pension account** following a

transfer of pension rights into the Scheme from another pension scheme or arrangement. The pension would be shared equally between the **eligible children**.

For final salary membership built up **before** 1 April 2014, the pension payable is equal to 1/120<sup>th</sup> of your **final pay** times the period of your membership in the Scheme up to 31 March 2014 on which your deferred pension is based. The pension would be shared equally between the **eligible children**.

**If you were a member of the LGPS before 1 April 2014 and you paid additional regular contributions (ARCs) to buy extra LGPS pension** and you opted to pay for dependant's benefits when you took out your original contract, then extra benefits will be payable to your spouse, registered **civil partner** or **eligible cohabiting partner** and to **eligible children**.

### **Who is the lump sum death grant paid to?**

Avon Pension Fund has absolute **discretion** over who receives any lump sum death grant; they can pay it to your nominee or personal representatives or to any person who appears, at any time, to have been your relative or dependant. The LGPS, however, allows you to express your wish as to who you would like any death grant to be paid to by completing and returning an expression of wish form. If any part of the death grant has not been paid within two years, it must be paid to your personal representatives, i.e. to your Estate. If you have not already made your wishes known, or you wish to update / change a previous expression of wish, a form is available from your Avon Pension Fund. Remember to complete a new form if your wishes change.

If you have paid AVCs and a lump sum is to be paid from the your AVC fund, your administering authority has absolute **discretion** over who to pay that sum to, provided you were an active member of the LGPS on or after 1 April 2014. If you left the LGPS before 1 April 2014, your administering authority must pay any AVC lump sum to your Estate.

### **What will happen if I wish to transfer my LGPS benefits to another (non LGPS) scheme?**

If you are joining another pension arrangement, you may consider transferring your LGPS benefits to it. This may even be to an overseas pension scheme or arrangement that meets HM Revenue and Customs conditions. You cannot transfer your benefits (other than AVCs) if you leave less than one year before your **Normal Pension Age**. An option to transfer (other than in respect of AVCs) must be made at least 12 months before your **Normal Pension Age**.

You can only transfer benefits from the LGPS if you have not already taken benefits from the LGPS (either in your current employment or any earlier employment). If you hold more than one deferred benefit in the LGPS in England and Wales (either in the same or separate LGPS pension funds), you will be required to transfer all or none of the benefits you hold. It is not possible to transfer one deferred benefit whilst retaining another deferred benefit in the LGPS.

Your new pension provider will require a transfer value quotation which, under the provisions introduced by the Pensions Act 1995, the Avon Pension Fund will (other than in respect of AVCs) guarantee for a period of three months from the date of calculation (known as the 'Guarantee Date'). Your new pension provider can then advise you of the additional benefits the transfer will buy in their scheme. A written option to proceed with the guaranteed transfer value must be received within the three month guaranteed period. If you opt to proceed, the normal time limit for payment of the guaranteed transfer value will be six months from the 'Guarantee Date'. If payment is not made within this period The Avon Pension Fund will need to recalculate the value as at the actual date of payment and pay the recalculated value or, if it is greater, the original value plus interest.

Transfer values are calculated in accordance with the terms and conditions of the Local

Government Pension Scheme Regulations 2013 which comply with the requirements of the Pensions Schemes Act 1993.

If you are considering whether to transfer benefits, make sure you have full information about the two pension arrangements i.e. details of what your benefits are worth in the LGPS and details of what your benefits would be worth in the new pension scheme, if transferred. When you compare your options, don't forget that your LGPS benefits are guaranteed cost of living increases.

Transfers to public sector schemes usually give benefits that are broadly equivalent to those in the LGPS, under what are known as **Club transfer rules**, provided you apply for the transfer within 12 months of joining your new pension scheme and have not had a break in membership of more than 5 years between leaving the LGPS and joining the new **public service pension scheme**.

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 before you make a decision to transfer your deferred benefits to a personal pension plan, stakeholder pension scheme or to an employer's money purchase scheme, as you will be bearing all of the investment risk which could significantly affect your future pension benefits.

**If you are transferring from the LGPS to a defined contribution scheme** you must take appropriate independent financial advice before transferring. This is a legal requirement if the cash equivalent transfer value of all your benefits in the LGPS (excluding any Additional Voluntary Contributions (AVCs)) is more than £30,000. If the cash equivalent transfer value of all your benefits in the LGPS (excluding any Additional Voluntary Contributions (AVCs)) is £30,000 or less you are not legally required to take advice. However, transferring your pension rights is not always an easy decision to make and seeking the help of an independent financial adviser before you make a decision to transfer your deferred benefits (to a personal pension plan, stakeholder pension scheme or an employer's money purchase scheme) could help you in making an appropriate decision given your decision that could significantly affect your future pension benefits.

If the cash equivalent transfer value of all your benefits in the LGPS (excluding any Additional Voluntary Contributions (AVCs)) is more than £30,000, the Avon Pension Fund will check that you have received appropriate independent financial advice before your transfer can proceed and relevant documentation to prove this will be required. The Avon Pension Fund will provide you with more details if you request a transfer quotation.

If you are considering whether to transfer benefits, make sure you have full information about the two pension arrangements; details of what your benefits are worth in the LGPS and details of what your benefits would be worth in the new pension scheme, if transferred. When you compare your options, don't forget that your LGPS benefits are guaranteed cost of living increases.

If a full transfer payment is made, you will not be entitled to any further benefits from the LGPS for yourself, your spouse, **civil partner, eligible cohabiting partner** or **eligible children**.

### **What happens if I change jobs but remain in the LGPS?**

If you are changing your job, but still working in **local government** or for another employer who offers you membership of the LGPS, or if you re-join the LGPS before your deferred benefits are paid, your deferred benefits are automatically joined with your new active **pension account** when you re-join the scheme, unless you elect to keep them separate.

If you wish to keep your deferred benefits separate you must elect to do so within 12 months of re-joining the LGPS, unless your employer allows you longer. This is an employer **discretion** and you can ask your employer what their policy is on this.

If you wish to transfer your LGPS pension rights you should contact your current or former LGPS administrator as soon as possible to commence the process and find out what you will need to consider in making your decision.

Please note that special rules apply if you were a member of the LGPS in England or Wales before 31 March 2014 – see the section [Transferring Pension Rights into the LGPS](#) for more information.

Please also note that if you became entitled to your deferred benefit as a result of making an election to opt out of membership of the scheme you will not be permitted to join your two periods of membership together and, instead, you will have two separate sets of pension benefits in the scheme.

### **What if I have two or more LGPS jobs?**

If you have two or more jobs in which you pay into the LGPS at the same time and you leave one (or more) but not all of them, and you are entitled to deferred benefits from the job (or jobs) you have left, your deferred benefits from the job that has ended are automatically transferred to the active **pension account** for the job you are continuing in, unless you elect to keep them separate. If you wish to keep your deferred benefits separate you must elect to do so within 12 months of leaving the post the deferred benefits were built up in, unless your employer allows you longer. This is an employer **discretion** and you can ask your employer what their policy is on this.

If you are not entitled to deferred benefits from the job (or jobs) you have left, you cannot have a refund of your contributions and you must transfer your benefits to the **pension account** for the job you are continuing in.

Please note that special rules apply if you were a member of the LGPS in England or Wales on or before 31 March 2014 – see the section [Transferring Pension Rights into the LGPS](#) for more information.

If you have membership built up before 1 April 2014 which you aggregate with the membership in the job you are continuing in, then this membership is adjusted to reflect any difference in the whole-time rates of pay between the jobs:

Membership in the job you have left x  $\frac{\text{whole-time rate of pay in the job that has ceased}}{\text{whole-time rate of pay in the job that is continuing}}$

### **What happens if my job is transferred to a private contractor?**

If your job is transferred to a private contractor, the contractor will normally be required to provide you with continued access to the LGPS or to offer you a pension scheme that is broadly equivalent to the LGPS. The contractor may become an **admission body** in the LGPS and this would allow you to stay in the LGPS so long as you continue working on the delivery of the **contracted out** service.

If the contractor becomes an **admission body** your LGPS benefits built up before the transfer of your job to the contractor can be joined with your post transfer pension account, see the section [Transferring Pension Rights into the LGPS](#).

Alternatively, the contractor may be able to offer you a broadly comparable scheme. This does not mean that the new scheme must mirror the benefits of the LGPS, but the value of the package offered by the new scheme must be broadly equivalent to the LGPS. If you are offered a broadly comparable scheme you would have the same options available to you regarding the LGPS benefits that you have already built up as anyone else leaving the LGPS before retirement.

## 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.

**June 2019**