Avon Pension Fund

Local Government Pension Scheme

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If you joined the LGPS before 1 April 2014

The Local Government Pension Scheme (LGPS) changed from a final salary scheme to a career average scheme on the 1 April 2014.

All benefits built up in the LGPS for membership after 31 March 2014 are worked out under the rules of the new career average scheme.

However, if you joined the scheme before 1 April 2014 you will also have built up benefits in the final salary scheme. In this section we will look at how benefits in the final salary scheme are worked out, when they are payable and the protections in place for members in the scheme before it changed on 1 April 2014.

Your benefits in the LGPS built up before 1 April 2014 are based on your membership in the scheme up to 31 March 2014 and your ***final pay*** when you leave the scheme although the benefits based on membership to 31 March 2008 are calculated slightly differently to benefits based on membership between 1 April 2008 and 31 March 2014.

How are benefits worked out?

For membership built up to 31 March 2008, you receive a pension of 1/80th of your ***final pay*** plus an automatic tax-free lump sum of 3 times your pension.

For membership built up from 1 April 2008 to 31 March 2014, you receive a pension of 1/60th of your ***final pay***. There is no automatic lump sum for membership built up after March 2008, but you do have the option to exchange some of your pension for a tax-free lump sum.

For membership built up from 1 April 2014, every year you will build up a pension at a rate of 1/49th of the amount of ***pensionable pay*** you received in that ***scheme year*** if you are in the main section of the scheme (or half this rate of build up for any period you have elected to be in the 50/50 section of the scheme). This pension is then added to your ***pension account*** and revalued at the end of each ***scheme year*** so your pension keeps up with the cost of living.

Here is an example of how benefits are worked out if you have membership from before 31 March 2008 onwards.

Let's look at someone who has:

8 years membership up to 31 March 2008
6 years membership from 1 April 2008 to 31 March 2014
4 years membership from 1 April 2014 until they retire at age 65
Their final year's pay for benefits in the final salary scheme is £26,500.

Benefits based on their 8 years membership up to 31 March 2008

Their **annual pension** is:
8/80^{ths} x £26,500 = **£2,650**

Plus an **automatic tax-free lump sum:**
3 x 8/80^{ths} x £26,500 = **£7,950**

Benefits based on their 6 years membership from 1 April 2008 to 31 March 2014

Their **annual pension** is:
6/60^{ths} x £26,500 = **£2,650**

Benefits based on their 4 years membership from 1 April 2014 (in main section throughout)

Year	**Opening Balance**	**Pension built up in year**	**Total Account 31 March**	**Cost of living adjustment**	**Updated Total Account**
1	£0.00	£25,200/ 49 = **£514.29**	£514.29	£6.17 (1.2%)	£520.46
2	£520.46	£25,700/ 49 = **£524.49**	£1,044.95	£10.45 (1%)	£1,055.40
3	£1,055.40	£26,000/ 49 = **£530.61**	£1,586.01	£7.93 (0.5%)	£1,593.94
4	£1,593.94	£26,500/ 49 = **£540.82**	£2,134.76	£42.70 (2%)	**£2,177.46**

To give total benefits of:

An **annual pension**
£2,650 plus £2,650 plus £2,177.46 = **£7,477,46**

Plus an **automatic tax-free lump sum** = **£7,950.00**

But remember that you can choose to exchange some of your pension for extra tax-free lump sum. You can take up to 25% of the capital value of your LGPS benefits as a lump sum[1]. For every £1 of annual pension that you give up you will receive an extra £12 lump sum.

If you transferred previous non-LGPS pension rights, or pension rights from the LGPS in Scotland or Northern Ireland, into your current membership, then the revalued amount of the pension benefits bought by the transfer will be added to the retirement benefits as calculated above.

[1] Limited to £257,500 (2018/19 figure) or if you have previously taken payment of (crystallised) pension benefits 25% of your remaining lifetime allowance.

What counts towards membership in the scheme before 1 April 2014?

Your benefits in the LGPS built up before 1 April 2014 are based on your membership built up in the scheme before this date and your ***final pay*** when you leave the scheme.
Membership built up before 1 April 2014 normally includes:

- How long you have been a member of the LGPS before 1 April 2014 worked out in years and days, but excluding:
  - pre 1 April 2014 membership for which you already receive an LGPS pension or hold an LGPS deferred pension
  - pre 1 April 2014 membership from any concurrent job you may have, and
  - any LGPS membership in respect of which you have received a refund or have transferred the pension rights to another scheme.
- Membership purchased by a transfer from another scheme where the relevant date for the transfer was before 1 April 2014.
- Any extra membership you have bought with additional contributions or by converting in-house ***Additional Voluntary Contributions*** (AVCs) into membership.
- Any extra membership awarded by your employer before 1 April 2014.

The membership used to calculate your benefits could be different to your actual calendar length membership of the LGPS before 1 April 2014. For example:

If you worked part-time before 1 April 2014, your membership is reduced to its whole-time equivalent length to calculate the amount of your retirement benefits. For example, if you worked half-time for 10 years, your benefits would be calculated on 5 years membership.

If your hours changed during your membership of the scheme before 1 April 2014, your benefits will be calculated to reflect the changes.

If you did not have any contractual hours, your membership for each year in the LGPS before 1 April 2014 will be calculated on average weekly hours working during each year.

If you have transferred membership from the LGPS in Scotland or Northern Ireland, it may not count at its actual calendar length.

What counts towards final pay to work out my benefits in the LGPS before 1 April 2014?
Whilst the scheme changed on 1 April 2014, protection is in place to ensure that when you leave your ***final pay*** is used to work out your pension for the membership you built up to 31 March 2014. The definition of ***final pay*** for benefits built up before 1 April 2014 remains the same as before the scheme changed from a final salary to a career average scheme on 1 April 2014 .

Final Pay for pre 1 April 2014 benefits

This is usually the pay in respect of (i.e. due for) the final year[2] of scheme membership on which you paid contributions, or one of the previous 2 years if this is higher, and includes your:

[2] Grossed up to a full year's pay if you did not receive pay for a full year.

- normal pay
- contractual shift allowance
- bonus
- contractual overtime
- Maternity Pay, Paternity Pay, Adoption Pay, Shared Parental Pay, and
- any other taxable benefit specified in your contract as being pensionable.

This may not include all your pay. It does not include non-contractual overtime, travelling or subsistence allowances, pay in lieu of notice or pay in lieu of loss of holidays, any payment as an inducement not to leave before the payment is made, any award of compensation (other than payment representing arrears of pay) made for the purpose of achieving equal pay, nor (apart from some historical cases) the monetary value of a car or pay received in lieu of a car.

If you receive pay after 31 March 2014 which relates to work carried out before 1 April 2014, this will be allocated to the pre 1 April 2014 period for which it was due. If you cease membership of the scheme within 12 months of when the payment was due, it will be included in the ***final pay*** figure used to calculate benefits on your pre 1 April 2014 membership of the scheme. In either case it will not count towards the ***pensionable pay*** used to work out your pension from 1 April 2014 in the career average scheme.

If you are working part-time when you leave the LGPS, or worked part-time at some point during your last year of membership, your ***final pay*** is the whole-time pay that you would have received, if you had worked whole-time.

If your pay is reduced in this period because of sickness, your ***final pay*** will be the pay that you would have received if you had not been off sick.

If you have maternity, paternity, adoption or shared parental leave in this period for which you paid (or are deemed to have paid) pension contributions, ***final pay*** includes the pay you would have received had you not been on maternity, paternity, adoption or shared parental leave.

If your pay is reduced or increases to your pay are restricted in your last 10 years of continuous employment with your employer because you downgrade or move to a job with less responsibility, or as a result of a job evaluation / equal pay exercise, or because of a change to what is specified as ***pensionable pay*** in your contract (using the definition of pensionable pay before 1 April 2014), or is restricted for some other reason, you may have the option to have your ***final pay*** calculated as the average of any 3 consecutive years' pay in the last 13 years (ending on a 31 March). Such an option must be made to the Avon Pension Fund no later than one month before leaving. You cannot make use of this option to use earlier years' pay in working out your benefits if the reduction or restriction to your pay was as a result of the loss of a temporary increase in pay, or resulted from a reduction in your grade in order to take retirement benefits on flexible retirement.

If your pay was reduced or restricted for reasons beyond your control before 1 April 2008 and you were issued with a certificate of protection from your employer and you leave the LGPS within 10 years of the reduction or restriction in your pay, then we will work out your ***final pay*** as the best year's pay in the last 5 years, or the average of the best consecutive 3 years in the last 13 years after allowing for inflation.

What if I am paying extra?

Also included in your pre 1 April 2014 benefits are the following:

If you are buying extra LGPS pension by paying Additional Regular Contributions (ARCs)

You will be credited with the extra pension that you have paid for. This will increase the value of your retirement benefits.

But if you are paying ARCs when you retire and qualify for the type of ill health pension where your benefits are based on enhanced membership, you will be credited with all the extra pension that you set out to buy, even if you have not completed full payment for it.

If you draw your benefits before age 65 (other than on the grounds of permanent ill health), or you are retired on redundancy or business efficiency grounds, the extra pension you have bought through an ARC will be reduced for early payment.

If you draw your benefits on flexible retirement, you can, if you wish, draw all the extra pension you have paid for, although it will be reduced for early payment. If you choose to draw the extra pension on flexible retirement, your ARCs contract will cease (if you are still paying the extra contributions when you draw your flexible retirement benefits). You will not be able to take out a new ARC contract, but you will be able to take out an Additional Pensions Contributions (APC) contract - see the **Contribution Flexibility** section for more information.

You can choose to exchange some of the extra pension you have bought for a cash lump sum in the same way as your main LGPS pension.

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

Please note that for LGPS Added Years contracts the contribution amount you pay is based on a percentage of the definition of pensionable pay before 1 April 2014 (see above section on **final pay for pre 1 April 2014 benefits** for further information).

You will be credited with the extra years of membership that you have paid for and you will receive extra retirement benefits calculated on the same basis that you agreed to buy them – but see below for the rules on ill health retirement.

If you retire on ill health grounds whilst paying for extra years, you will normally be credited with the whole extra period of membership that you set out to buy, even if you have not completed full payment for it.

If you retire early because of redundancy or business efficiency whilst paying for extra years, you will have the opportunity to pay the remaining contributions due in a lump sum in order to complete your contract.

If you draw your benefits on taking flexible retirement and you elected before 1 October 2006 to commence your added years contract you will be credited with the extra years of membership that you have paid for and this will increase the value of your benefits paid on flexible retirement. If you elected on or after 1 October 2006 to commence your added years contract, you can, if you wish, choose to be credited with the extra years of membership that you have paid for at the point of flexible retirement and this will increase the value of your benefits paid. If you choose to be credited with the extra years of membership on flexible retirement, your added years contract will cease (if you are still paying these extra contributions when you draw your benefits). If you do not choose to be credited with the extra years of membership on flexible retirement, your added years contract will continue.

If your pre 1 April 2014 benefits when you draw them are reduced for early payment then your benefits from the added years are reduced in the same way.

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

You can pay up to 100% of your pensionable pay into an in-house AVC. Your employer can also pay towards your AVC at their ***discretion*** – this is known as a shared cost AVC.

Your contributions will cease when you cease to contribute to the LGPS (or cease two days before age 75 if you carry on in work beyond that age). However, the rules are slightly different if you take flexible retirement, as explained later.

Here are the different ways you may be able to use your in-house AVC fund when you retire:

- **Buy one or more annuities**

  This is where an insurance company, bank or building society of your choice takes your AVC Fund and pays you a pension in return.

  You can do this at the same time as you take your LGPS benefits or you may be able to choose to delay payment until any time up to the eve of your 75th birthday.

  An annuity is paid completely separately from your LGPS benefits.

  The amount of annuity depends on several factors, such as interest rates and your age. You also have some choice over the type of annuity, for example whether you want a flat-rate pension or one that increases each year, and whether you also want to provide for dependants' benefits in the event of your death.

  Annuities are subject to annuity rates which in turn are affected by interest rates.

  When interest rates rise, the organisation selling annuities is able to obtain a greater income from each pound in your AVC fund, and therefore can provide a higher pension. A fall in interest rates reduces the pension which can be purchased.

- **Buy a Top-up LGPS Pension**

  If you were an active member of the LGPS on or after 1 April 2014, you can buy a top-up pension with your AVC plan as long as you take it at the same time as your main scheme benefits. Dependent's benefits will automatically be provided in the event of your death. The top-up pension you buy will increase in line with inflation.

  If you left the LGPS before 1 April 2014, you can only buy a top-up pension with your AVC plan if you take immediate payment of your main scheme pension benefits when you leave the scheme and you take your AVC plan at the same time i.e. you are not allowed to buy a top-up pension with your AVC plan if you defer your main scheme pension benefits when you leave the LGPS and take them at a later date. You have the option to provide for dependents' benefits in the event of your death. The top-up pension you buy will increase in line with inflation.

- **Buy extra membership in the LGPS**

  If your election to start paying AVCs was made before 13 November 2001 you may be able in certain circumstances (such as flexible retirement, retirement on ill-heath grounds, or on ceasing payment of your AVCs before retirement) to convert your AVC fund into extra LGPS membership in order to increase your LGPS benefits. The extra membership will attract a pension of 1/60th of your ***final pay*** for each year of membership purchased.

- **Take your AVCs as cash**

  You can take some or all of your AVC fund as a tax-free lump sum[3] but you can only take it all as a lump sum if you take it at the same time as your main LGPS benefits and provided, when added to your LGPS lump sum, it does not exceed 25% of the overall value of your LGPS benefits (including your AVC fund).

- **Transfer your AVC fund to another pension scheme or arrangement**

  You can transfer your AVC fund to another pension scheme or arrangement, including to a scheme that offers flexible benefits, independently of your main scheme benefits; and provided you have stopped paying AVCs, you can even transfer your AVC fund even if you continue to contribute to the LGPS.

  If you were to transfer your AVC funds to a defined contribution scheme the four main flexible benefit options that scheme might offer (from age 55) include:

  - to purchase an annuity (yearly pension) or scheme pension
  - taking a number of cash sums at different stages
  - taking the entire pot as cash in one go
  - flexi access drawdown - using your pension pot to provide a flexible income. You are normally allowed to take a tax-free lump sum of up to 25% then set aside the rest to provide taxable lump sums as and when, or a regular taxable income.

You should be aware that there may be tax implications associated with accessing flexible benefits. The income from a pension is taxable; the rate of tax you would pay depends on the amount of income that you receive from a pension and from other sources.

Pension guidance is available from the Government's guidance website Pension Wise if you are considering taking flexible benefits. The guidance is free and impartial and can be accessed on the internet, by phone, or face to face. For more information see www.pensionwise.gov.uk

If you are considering taking flexible benefits you should consider accessing this pension guidance and taking independent advice to help you decide which option is most suitable for you.

Please note. Pension Wise does not provide guidance about taking benefits from a defined benefit scheme such as the LGPS.

If you are thinking of transferring your AVC plan you should be aware that scammers operate in these markets and are after your pension. To help protect yourself from scammers see the Pension Regulator's website.

Details of your AVC options will be provided to you before your retirement.

If you draw benefits on flexible retirement and your AVC contract started on or after 13 November 2001 you can choose to take all of your AVC fund at the time you take your flexible retirement benefits, and, if you wish, continue paying AVCs. If your AVC contract started before 13 November 2001 your AVC contract will cease and you will have to use all of your AVC fund in one of the above ways at the time you draw your flexible retirement benefits.

[3] Provided, when added to your LGPS lump sum, it does not exceed 25% of the overall value of your LGPS benefits (including your AVC fund) and the total lump sum does not exceed £257,500 (2018/19 figure) or if you have previously taken payment of (crystallised) pension benefits 25% of your remaining lifetime allowance.

If you leave before retirement, your contributions will cease when you leave. The value of your AVC fund will continue to be invested until it is paid out. Your AVC plan is similar to your main LGPS benefits: it can be transferred to another pension arrangement or drawn at the same time as your LGPS benefits.

Payments into in-house AVCs will stop when you leave or retire.

If you are paying for extra life cover through AVCs

Any extra life cover paid for through AVCs will stop on leaving (or cease two days before age 75 if you carry on in work beyond that age). You can no longer pay AVCs after leaving / after age 75.

If you are paying additional contributions to buy extra *eligible cohabiting partner's* survivor benefits

If before 1 April 2014 you entered into a contract for your pre 6 April 1988 membership to count for a cohabitee survivor's pension these can continue after 1 April 2014 (but cannot commence after this date). The contribution amount you pay is based on a percentage of the definition of pensionable pay before 1 April 2014 (see above section on **final pay pre 1 April 2014 benefits** for further information).The extra benefit that you have paid for will be included in calculating any survivor pension payable to an ***eligible cohabiting partner*** on your death.

But if you are still paying these contributions when you retire, only that proportion of the extra benefit you have paid for will count, unless you qualify for the type of ill health pension where your benefits are based on enhanced membership. If so, the whole of the extra benefit you set out to buy will be included in calculating any survivor pension payable to an ***eligible cohabiting partner***, even if you have not completed full payment for it.

You should note that:
If you have been awarded extra membership by your employer and the date your employer resolved to award this was **between 1 April 2008 and 31 March 2014**, those years will attract a pension at the rate of 1/60th of your ***final pay*** for each year of membership awarded and will be added to your final salary pension.

If you have been awarded extra membership by your employer and the date your employer resolved to award this was **before 1 April 2008**, those years will attract a pension at the rate of 1/80th of your ***final pay*** for each year of membership awarded, which will be added to your final salary pension, plus an automatic tax-free lump sum of 3 times the pension.

If you have an AVC fund arranged through the LGPS (in-house AVC) and you convert it into extra LGPS membership, the extra membership will attract a pension only, calculated at the 1/60th rate. You are only allowed to convert your AVC fund into LGPS membership in limited circumstances and only if your election to start paying AVCs had been made before 13 November 2001.

If you are buying extra membership in the LGPS (added years), any extra benefits will be calculated on the same basis you had agreed to buy them.
If you are a married man with membership before 1 April 1972, that membership will be converted to 89% of its length unless you elected to pay extra contributions to convert it to its full length.

If you are a high earner and you joined the scheme after 31 May 1989 and before 6 April 2006 you could only pay contributions and have your benefits based on your pay up to the Earnings Cap – this was £105,600 for 2005/6. The Earnings Cap was removed from 6 April 2006 and, if it affected you, your relevant membership prior to then will be reduced.

When can I draw my LGPS benefits built up before 1 April 2014?

Whilst the scheme changed on 1 April 2014, protection is in place if you built up benefits in the final salary scheme which means that the ***Normal Pension Age*** for these benefits is protected and remains, for almost all members, age 65.

If you retire and draw all of your pension at your protected ***Normal Pension Age***, the pension built up in the scheme before 1 April 2014 will be paid in full.

If you choose to take your pension before your protected ***Normal Pension Age*** the pension you have built up in the scheme before 1 April 2014 will normally be reduced, as it's being paid earlier. If you take it later than your protected ***Normal Pension Age*** it will be increased because it's being paid later. The amount of any reduction or increase will be based on how many years earlier or later than your protected ***Normal Pension Age*** you draw the pension you have built up in the scheme to 31 March 2014.

Benefits built up from 1 April 2014 have a ***Normal Pension Age*** linked to your ***State Pension Age*** (but with a minimum age of 65). For more details see the section **Your pension**.
Please note that you cannot take your benefits built up to 31 March 2014 separately from the benefits you build up from 1 April 2014. All your pension would have to be drawn at the same time (except in the case of Flexible Retirement - for more details see the section **Your pension**).

What reductions are applied to my benefits built up before 1 April 2014 if I draw them before my protected Normal Pension Age?

If you choose to retire before your protected ***Normal Pension Age*** your benefits built up before 1 April 2014 will be reduced to take account of being paid for longer. Your benefits are initially calculated as detailed under the heading **How are benefits worked out?** above, and are then reduced. How much your benefits are reduced by depends on how early you draw 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 protected ***Normal Pension Age***. The earlier you retire, the greater the reduction.

As a guide, the percentage reductions (effective from 29 April 2016) 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.

No. of years paid early	Pensions reduction	Pensions reduction	Lump Sum (for membership to 31 March 2008)
	Men	Women	
0	0.0%	0.0%	0%
1	5.6%	5.2%	2.9%
2	10.8%	10.1%	5.7%
3	15.5%	14.6%	8.5%
4	20.0%	18.8%	11.2%
5	24.0%	22.7%	13.7%
6	27.8%	26.4%	16.3%
7	31.4%	29.8%	18.7%
8	34.7%	33.0%	21.1%

No. of years paid early	Pensions reduction	Pensions reduction	Lump Sum (for membership to 31 March 2008)
	Men	Women	
9	37.7%	36.1%	23.4%
10	40.6%	38.9%	25.6%
11	44.2%	42.2%	N/A *
12	47.6%	45.5%	N/A
13	50.9%	48.6%	N/A

The number of years early used to determine the reduction applied to your benefits built up before 1 April 2014 is the number of years earlier than your protected ***Normal Pension Age***, which for almost all members is age 65.

*The maximum reduction that can be applied to your automatic lump sum for membership to 31 March 2008 is 10 years as the protected ***Normal Pension Age*** for almost all members is 65, and the earliest that virtually all members can choose to draw their pension is from age 55.

Your employer can agree not to make any reduction. You can ask them what their policy on this is.

You can reduce or avoid the reductions by not taking immediate payment of your benefits on retirement i.e. by delaying payment until a later date. If you decide not to draw immediate benefits, the benefits built up before 1 April 2014 would normally become payable unreduced at your protected ***Normal Pension Age***, which for most is age 65, and the benefits built up on or after 1 April 2014 would normally become payable unreduced at your ***Normal Pension Age***. You can defer payment beyond that age, although benefits must be paid by age 75. Remember you must draw all your pension (both pre 1 April 2014 and post 31 March 2014 benefits) at the same time (except in the case of Flexible Retirement - for more details see the section **Your pension**).

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 under what is called the 85 year rule.

If you have 85 year rule protection this continues to apply from 1 April 2014. The only occasion where this protection does not automatically apply is if you choose to voluntarily draw your pension on or after age 55 and before age 60.

The 85 year rule is satisfied if your age at the date you draw your benefits and your scheme membership (each in whole years) add up to 85 or more.

If you work part-time, your membership counts towards the rule of 85 at its full calendar length.

Not all membership may count towards working out whether you meet the 85 year rule.

Working out how you are affected by the 85 year rule can be quite complex, but this should help you work out your general position.

- **If you would not satisfy the 85 year rule by the time you are 65,** then all your benefits are reduced if you choose to draw your pension before your ***Normal Pension Age***. The reduction will be based on how many years before your ***Normal Pension Age*** (protected ***Normal***

Pension Age for pension built up before 1 April 2014 and new ***Normal Pension Age*** (linked to ***State Pension Age***) for pension built up from 1 April 2014) you draw your benefits.
- **If you will be age 60 or over by 31 March 2016** and choose to draw your pension before your ***Normal Pension Age***, then, **provided you satisfy the 85 year rule when you start to draw your pension**, the benefits you build up to 31 March 2016 will not be reduced.
- **If you will be under age 60 by 31 March 2016** and choose to draw your pension before your protected ***Normal Pension Age***, then, **provided you satisfy the 85 year rule when you start to draw your pension**, the benefits you've built up to 31 March 2008 will not be reduced. Also, if you will be aged 60 between 1 April 2016 and 31 March 2020 and meet the 85 year rule by 31 March 2020, some or all of the benefits you build up between 1 April 2008 and 31 March 2020 will not have a full reduction.

If you take flexible retirement, any 85 year rule protection will apply to the benefits you've built up to the date of flexible retirement but will not apply to benefits you build up after the date of flexible retirement.

If you choose to voluntarily draw your pension on or after age 55 and before age 60 and you have rule of 85 protections, these will not automatically apply. Your employer can choose to allow the rule of 85 to apply. This is a ***discretion*** and you can ask your employer what their policy is on this matter.

If you choose to voluntarily draw your pension on or after age 55 and before age 60 and your employer does not choose to allow the rule of 85 to apply, your benefits are reduced.
Please note that the rules governing whether you have protection under the 85 year rule from a reduction to your benefits if you choose to draw them before 65, and the level of that protection, are quite complex. If you are thinking of voluntarily retiring or asking for flexible retirement before your ***Normal Pension Age***, you should contact the Avon Pension Fund for a quotation of the benefits payable. If you are thinking of asking for flexible retirement you should firstly contact your employer to check what their policy is for this type of retirement.

Your employer can agree not to make any reduction. You can ask them what their policy on this is.

What increase is applied to my benefits built up before 1 April 2014 if I draw them after age 65?

The benefits you have built up before 1 April 2014 will be increased if you draw them after age 65. The rate of increase for pre 1 April 2014 benefits drawn after age 65 is a 0.010% increase on the pension for each day the pension is drawn later than age 65 and a 0.001% increase on the automatic lump sum for any pre 1 April 2008 membership for each day that lump sum is drawn later than age 65.

Remember that your pension has to be paid by your 75th birthday. Also, all pension benefits, if drawn voluntarily, must be drawn at the same time, irrespective of whether they were built up in the career average scheme or the final salary scheme.

Early Retirement through Redundancy or Business Efficiency

If you were a member of the LGPS before 1 April 2014 and are made redundant or leave for reasons of business efficiency after 1 April 2014, you must meet the 2 years ***vesting period*** to be entitled to receive your benefits immediately and without actuarial reduction. If you do not meet the 2 years ***vesting period*** and are made redundant after 31 March 2014 you will be entitled to a refund of your contributions or a deferred benefit or, provided you have at least 3 months' membership, you can transfer your benefits to another pension scheme.

Ill health Retirement

You are not entitled to immediate payment of ill health pension benefits if your ill-health retirement occurs after 31 March 2014 and you do not meet the 2 years ***vesting period***. You will, instead, be entitled to a refund of your contributions or a deferred benefit or, provided you have at least 3 months' membership, you can transfer your benefits to another pension scheme.

If you were paying into the LGPS on 31 March 2008, and were aged 45 or over on that date and have been in continuous membership of the LGPS, then if you qualify for an ill-health pension where your benefits are based on enhanced membership there is protection to ensure your ill health retirement benefits are no less than they would have been under the scheme as it applied before 1 April 2008. This protection would not apply if you have previously drawn benefits on taking flexible retirement.

Additional protection if you are nearing retirement

If you were a member of the scheme before 1 April 2014 there are additional protections in place if you are nearing retirement. This is to ensure that you will get a pension at least equal to that which you would have received in the scheme had it not changed on 1 April 2014. This protection is known as the **underpin.**

The **underpin** applies to you if you were:

- an active member on 31 March 2012, and
- you are within 10 years of your protected ***Normal Pension Age*** on 1 April 2012, and
- you haven't had a continuous break in active membership of a public service pension scheme of more than 5 years (after 31 March 2012), and
- you've not drawn any benefits in the LGPS before protected ***Normal Pension Age***

The underpin can also apply if you were an active member of another public service pension scheme on 31 March 2012 and you then join the LGPS and transfer your pension benefits from the other public service pension scheme into the career average LGPS scheme and all or part of that transfer buys final salary benefits in the LGPS. The underpin will apply in these circumstances if:

- there is a break of less than 5 years between you leaving the public service pension scheme from which the transfer is received and joining the LGPS
- you were within 10 years of age 65 on 1 April 2012
- you haven't had a continuous break in active membership of a public service pension scheme of more than 5 years (after 31 March 2012)
- you haven't taken any benefits in the career average LGPS scheme before the date the underpin calculation is performed **-** this is the earlier of the date you leave the LGPS or age 65.

The underpin will not apply to you if:

- you leave without an immediate entitlement to benefits
- you elect to opt out of the scheme before your protected ***Normal Pension Age*** or
- you wish to draw benefits from an age where you would have required employer consent to do so under the pre 1 April 2014 scheme, or
- you leave the scheme with a deferred benefit and, at the date of leaving, you would have required your employer's consent to take payment of those benefits under the pre 1 April 2014 scheme

From 14 May 2018, you normally need your employer's consent to take payment of your benefits in the pre 1 April 2014 scheme before age 55. Before 14 May 2018, you needed your employer's consent to take payment of your benefits in the pre 1 April 2014 scheme before age 60.

If you are covered by the underpin a calculation will be performed at the date you cease to contribute to the Scheme, or at your protected ***Normal Pension Age*** if earlier, to check that the pension you have built up (or, if you have been in the 50/50 section of the scheme at any time, the pension you would have built up had you always been in the main section of the scheme) is at least equal to that which you would have received had the scheme not changed on 1 April 2014. If it isn’t, the difference will be added into your ***pension account*** when you draw your benefits.

The Avon Pension Fund will carry out this underpin check if you meet the criteria above.

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
E-mail: avonpensionfund@bathnes.gov.uk
Tel: 01225 395100

The national web site for members of the LGPS can be found at www.lgpsmember.org.

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 2018. 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 2018