

**Changes have been made to the Local Government Pension Scheme (LGPS). These changes, unless indicated otherwise, come into effect from 14 May 2018 and are summarised below.**

## **Changes to when you can take your deferred benefit**

### **Early payment of deferred benefits**

If you left the LGPS with a deferred benefit between 1 April 1998 and 31 March 2014 you can now choose to take early payment of your deferred benefits from age 55 (rather than 60). The change to the scheme rules means that you no longer need the consent of your former employer to take your benefits between the age of 55 and 59. Members who left the LGPS with a deferred benefit on or after 1 April 2014 (except councillors) were already able to choose to take early payment of their deferred benefits from age 55 without needing their former employer's consent, and this has not changed.

### **Early payment of deferred benefits for leavers before 1 April 1998**

If you left the LGPS with a deferred benefit before 1 April 1998 the scheme rules have been changed to allow you to take your benefit at age 55 (rather than 60) or the date your deferred benefit will be payable without a reduction for early payment – this is called your Normal Pension Age (NPA). Your NPA will be between age 60 and 65 depending on when you joined the scheme – you can find this information on your annual benefit statement.

The Ministry for Housing, Communities and Local Government (MHCLG), who make the scheme rules for the LGPS, have confirmed their intention to allow members who left the LGPS before 1 April 1998 to also be allowed to take early payment of their deferred benefits from age 55 (rather than only allowing payment at age 55 or NPA), without their former employer's consent. This option is already available to people who left the LGPS on or after 1 April 1998. We will update you when we have further news on this.

### **Early payment of deferred benefits for pension credit members**

If you were awarded a share of your ex-spouse's LGPS pension as part of a divorce settlement, and you are a pension credit member in the LGPS, you can now elect to take payment of these benefits from age 55 regardless of when the pension sharing order took effect. Before the change, if the pension sharing order took effect before 1 April 2014 or your ex-spouse left the LGPS before 1 April 2014 you could only choose to take early payment from age 60.

### **Reductions to your benefits for early payment**

If you choose to take your deferred benefits earlier than your Normal Pension Age (NPA) they will normally be reduced to take account of 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 based on the length of time (in years and days) between the date you take them and the date your deferred benefit will be payable without a reduction for early payment - your NPA. If you are unsure when your NPA is you should check your annual benefit statement.

The early reduction factors are set by the Government and can vary from time to time. The current factors can be found on the national LGPS member website - [www.lgpsmember.org/more/reductions.php](http://www.lgpsmember.org/more/reductions.php)

More information about taking your deferred pension is available on the national LGPS website: [www.lgpsmember.org/ar/already-left-when.php](http://www.lgpsmember.org/ar/already-left-when.php)

## Changes to pre- April 2014 AVC contracts

If you were a member of the LGPS on or after 1 April 2014 and you paid Additional Voluntary Contributions (AVCs) and the contract to pay those AVCs started before 1 April 2014, you will see some changes in how you can take your AVC plan.

When you take your AVC plan:

- you can now buy additional pension from the LGPS with your AVC plan when you take your benefits from the scheme. Before the change, this option was only available to members who took immediate payment of their main scheme benefits and their AVC plan when they left the scheme.
- when you take your main scheme benefits you will no longer be able to leave your AVC invested and take it later.
- if you die before taking your AVC and a lump sum is to be paid from your AVC plan, your pension fund now has absolute discretion over who to pay that sum to (rather than it having to be paid to your estate). If the lump sum is paid at the discretion of the pension fund it does not form part of the estate and will not be subject to inheritance tax.

For information about the other ways you can use your AVC plan see the national LGPS website: [www.lgpsmember.org/more/AVCOptions.php](http://www.lgpsmember.org/more/AVCOptions.php)

## Expansion of the underpin

The way your pension is calculated in the LGPS changed from 1 April 2014. If you were a member of the LGPS before 1 April 2014 any benefits built up to 31 March 2014 are protected as final salary benefits and will normally be calculated using your membership to 31 March 2014 and your final year's pay.

An additional protection was put in place for members who were active members of the LGPS on 31 March 2012 and who were within 10 years of age 65 at 1 April 2012. Subject to certain conditions, these members will get a pension at least equal to that which they would have received had the scheme not changed on 1 April 2014. This protection is known as the underpin.

This underpin protection has now been extended to also apply to people who were active members of a different public service pension scheme on 31 March 2012 and who were within 10 years of age 65 on 1 April 2012; if these people join the LGPS and transfer their pension benefits from the other public service pension scheme into the new LGPS scheme and part or all of that transfer buys final salary benefits in the LGPS, subject to certain conditions, the underpin will apply.

This change has been backdated to 1 April 2014.

More information on the underpin is available on the national LGPS website - [www.lgpsmember.org/more/underpin.php](http://www.lgpsmember.org/more/underpin.php)