



Pensions Team
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Date :
Our ref :

Local Government Pension Scheme (LGPS)
Important information to consider before you decide to opt out

As requested I enclose a form that you can complete and return in order to opt out of membership of the Local Government Pension Scheme.

Most people who want to opt out of the scheme do so because they are unable to afford the pension contributions – but it is possible to opt to pay just half of the cost and still remain a member of the scheme.

This is called the 50/50 section of the scheme where you pay just 50% of the cost of membership and in return, receive 50% of the pension that you would have earned had you been paying the full pension contribution. Despite paying the lower contribution, as a member of the 50/50 section you would still be covered for the full 'death in service' grant (of approximately 3 years pay).

Furthermore, since members of the Local Government Pension Scheme benefit from tax relief on their pension contribution, the difference in take home pay between a member of the 50/50 section and a non-member can be very small.

If having read this you decide that you would like to join the 50/50 section of the scheme instead of opting out then please complete the 50/50 option form that is also enclosed with this letter.

I hope that you have found this helpful but if you have any questions please do not hesitate to contact the pensions section by phone, by email or in person for further information.

Yours sincerely

Pensions Team

LGPS 2014 - Election to join the 50-50 Section

Background

Under the 2014 scheme it is possible to elect to pay just one-half of the standard contribution rate and receive just one-half of the pension for that period. If you want to see how much you would pay under the 50-50 section, use the LGPS 2014 contribution calculator on www.lgpsmember.org

Any member can elect to pay into the 50-50 section at any time by completing this form and returning it to their employer whilst sending a copy of the form to The Pensions Section, 4th Floor, Laurence House, Catford, London, SE6 4RU.

The 50-50 section is designed to be a short-term option for when times are tough financially. Because of this, your employer is required to re-enrol you back into the main section of the scheme every three years (assuming you have not opted back into the main scheme beforehand). If you are re-enrolled into the main scheme but wish to continue in the 50-50 section, you can make another election at that time.

You can, however, choose to revert back to the main section at any time by informing your employer in writing (please send a copy to the pensions section). You will then start to build up full benefits in the main section from your next available pay period.

The pay bands are reviewed annually but the bands that apply for the current financial year can be obtained by viewing the attached links for either the [Lewisham Pensions website](http://LewishamPensions.org) or the [LGPS member site](http://www.lgpsmember.org), alternatively the respective URL address' can be found below:

- <http://lewishampensions.org/lewisham-pension-fund/paying-in/membership-and-contributions/#contribution-rates>
- <https://www.lgpsmember.org/arm/already-member-contrsf.php>

Election to join the 50-50 section

I have read the above notes and wish to join the 50-50 section of the LGPS. I realise that I will only receive one half of the normal pension for the period that I am paying reduced contributions.

I understand that I can opt to rejoin the main section of the scheme at any time, but also that I will automatically be re-enrolled into the main section if I am still paying into the 50-50 section when my employer has to re-enrol members, every 3 years, under the Government's Workplace Pension Reforms.

Signed: Date:

Full Name (please print):

N.I. Number: Employee Number:

Post I.D. Number: Job Title / Description:

Place of Employment:

**After completion, please send this form directly to:-
Lewisham Pensions Team, 4th Floor, Laurence House, 1 Catford Road, London, SE6 4RU**

For office use: RL updated by Payroll on by	Altair updated by Pensions on by
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NOTICE TO OPT-OUT OF THE LOCAL GOVERNMENT PENSION SCHEME

MEMBER'S DETAILS

Surname			
Forenames			
National Insurance Number		Date of Birth:	
Employer (e.g. L/B of Lewisham)			
Post Number (if known)		Payroll Number	

If you have more than one job please state from which job(s) you wish to opt-out:-

IF YOU WANT TO OPT OUT OF PENSION SAVING, FILL IN THIS FORM AND GIVE IT TO YOUR EMPLOYER

- I wish to opt out of pension saving.
- I understand that if I opt out I will lose the right to pension contributions from my employer.
- I understand that if I opt out I may have a lower income when I retire.

Signed Date

IMPORTANT NOTE: If this form is signed before the date that you will be automatically enrolled into the pension scheme for this post then your notice to opt-out will be invalid.

PLEASE NOTE: Not only will you lose the right to pension contributions from your employer as a result of opting out but also, in the event of your death, you will lose the right to a lump sum from the pension scheme, and any surviving dependant (such as a husband / wife / registered civil partner / co-habiting partner or child) will not be entitled to receive a pension from the scheme.

WHAT YOU NEED TO KNOW

- Your employer cannot ask you or force you to opt out.
- If you are asked or forced to opt out, you can tell The Pensions Regulator – see www.tpr.gov.uk
- If you change your mind, you may be able to opt back in – write to your employer if you want to do this. Please note if you have a deferred benefit from opting out after 11/04/2015 you will not have the right to aggregate your benefits upon re-joining the scheme.
- If you stay opted out, your employer will normally put you back into pension saving in around three years.
- If you change your job, your new employer will normally put you back into pension saving straight away.
- If you have another job, your other employer might also put you into pension saving, now or in the future. This notice only allows you to opt out of pension saving with the employer you name above. A separate notice must be filled out and given to any other employer you work for, if you wish to opt out of that employer's pension saving as well.
- If this is your only current LGPS membership and you opt out with an entitlement to deferred benefits, then if you re-join the LGPS you will not be able to merge your current membership with your future membership.

Once completed, return this form to your employer and send a copy of the form to:

The Pensions Team, 4th Floor, Laurence House, 1 Catford Road, London, SE6 4RU

Do you really want to opt out of the Local Government Pension Scheme?

Why should I remain a member of the LGPS?

As a member of the scheme, the LGPS would provide you with a secure future retirement income, independent of share prices and stock market fluctuations. There's also cover in the event of your early retirement on the grounds of permanent ill-health, redundancy or business efficiency. Plus you have the option, on retirement, to exchange part of your pension for tax-free cash. The benefits of joining the LGPS also, from the moment you join, include life cover and family benefits in the event of your death.

If these things are important to you, it's worth considering remaining in the LGPS. As a member of the LGPS you have the security of these benefits at a relatively low cost.

You can choose to retire and take your pension from as early as age 55.

You may think that retirement is a long way off and so isn't something to worry about in the short term. However, it's never too early to plan for your retirement – contributions you pay now go towards your retirement benefits for the future. If you put off pension saving, it may be difficult to catch up later.

You could, of course, just depend on the State pension, but will this be enough to provide you with the standard of living in retirement you wish to have?

You can find out about your state retirement pension and how to request a forecast from the Directgov website at: <http://www.direct.gov.uk>. You can also request a state pension forecast by telephoning the State Pension forecasting team on 0845 3000 168.

How much does it cost to be a member of the LGPS?

Your actual contribution rate depends on how much you are paid (or the full time equivalent of your pay if you are part time) and the band that you fall into but it's currently between 5.5% and 12.5% of your pay with most members paying either 6.5% or 6.8%. **HOWEVER, members can opt to join the 50:50 section of the scheme and pay just one-half of the standard contribution if they want to** (phone 020 8314 7277 for a 50:50 election form if you are interested in this option).

The real cost of being a member is less than you might think because, if you pay tax, you will receive tax relief on your pension contribution.

Does my employer also contribute to the scheme?

Yes, not only does your employer pay contributions to the scheme on your behalf but also the employer contribution is normally much more than the employee contribution.

What if I only intend to stay in my job for a short time?

Even if you aren't working for your employer for long, it is still worth thinking of being a member of the LGPS.

Many people move jobs frequently. If you are one of those people, consider how best to save for your retirement. As an LGPS member, you won't risk losing your contributions if you move on – on leaving your job, you would be able to choose to take a preserved benefit (which would be index-linked and payable from the LGPS at a future date) or you could transfer the cash equivalent of your LGPS pension to your new pension provider.

Note: This is only general information about the LGPS and is based on the provisions of the LGPS as they apply at April 2014 and also to the tax rules at that date. This information cannot cover every circumstance nor can it override the appropriate legislation.