

LOCAL  
GOVERNMENT  
PENSION  
SCHEME  
REGULATIONS  
1 April 2008

Employees Scheme Guide - 6

LEAVING YOUR  
JOB BEFORE  
RETIREMENT



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## Leaving Your Job Before Retirement

In this leaflet 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 2008.

Where pension terms are used, they appear in ***bold italic*** type. These terms are defined at the end of this leaflet.

**As long as you have been a member of the LGPS for at least 3 months**, or you have transferred other pension rights into the LGPS, or you already have a deferred benefit in the LGPS in England or Wales, you will have built up valuable LGPS benefits that form an important part of your savings for retirement. On leaving before retirement you have two options:

- 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.
- Alternatively, you may be able to transfer your deferred benefits to a new pension arrangement.

**If you have been a member of the LGPS for less than 3 months**, have not transferred in any other pension rights and do not already have a deferred benefit in the LGPS in England or Wales, you do not qualify for deferred benefits. You 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)***. Interest is paid if the refund is not made within one year of leaving but no refund can be made if you rejoin the scheme within a month and a day of leaving or rejoin before the refund has been paid.
- You may be able to transfer your benefits to a new pension arrangement.
- You can delay your decision until you either re-join the LGPS, join a new pension scheme, or want to take a refund of contributions.

### **What will happen to my benefits if I choose to defer them?**

Deferred benefits are where we work out the value of your benefits when you leave the LGPS and hold them in the LGPS for you until either you decide to transfer them to another pension scheme, or they are due to be paid.

Your personal deferred benefit 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?

Deferred benefits are based on your **membership** and your **final pay** on leaving.

Your **membership** normally includes:

- How long you have been a member of the LGPS worked out in years and days, but excluding:
  - membership for which you already receive a LGPS pension or hold an LGPS deferred pension
  - 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.
- 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.

This could be different to your actual calendar length membership of the LGPS. For example:

**If you work part-time**, although the calendar length of your membership is used to decide if you are eligible for a benefit, your membership is reduced to its whole-time equivalent length to calculate the amount of your retirement benefits. For example, if you work half-time for 10 years, your benefits would be calculated on 5 years membership.

If your hours have changed during your membership of the scheme, your benefits will be calculated to reflect the changes. If you do not have any contractual hours, your membership for each year in the LGPS will be calculated on average weekly hours worked 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.

Your **final pay** is usually the pay in respect of your final year<sup>1</sup> of scheme membership on which you paid contributions, or one of the previous 2 years if this is higher, and includes your:

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

This may not include all your pay. We don't 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.

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<sup>1</sup> Grossed up to a full year's pay if you did not receive pay for a full year.

**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 or adoption 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 or adoption 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 in what is specified as pensionable pay in your contract, or is restricted for some other reason, you may have the option to have your benefits based on 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 Pensions Section 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 by 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 five years prior to leaving, or the best consecutive three year average in the last thirteen years after allowing for inflation.

**Your deferred pension is worked out like this:**

**For membership you build up after 31 March 2008:**

**Your annual pension** is calculated by dividing your total membership by 60 and multiplying this figure by your final pay.

When you draw 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>2</sup>.

Here are examples of how your deferred pension is worked out for membership after 31 March 2008:

**If you work full-time**

Let's look at someone leaving with 10 years full-time membership in the scheme and a final year's pay of £18,000.

**Their deferred annual pension is:**

$$10 \text{ years} \times \frac{1}{60^{\text{th}}} \times £18,000 = \mathbf{£3,000}$$

<sup>2</sup> Limited to £375,000 (2012/2013 figure) less the value of any other pension rights you have in payment.

### **If you work part-time**

The same calculation is used, but your membership is scaled down to the whole-time equivalent length based on your contractual hours, and your final pay is scaled up to the whole-time equivalent rate.

Let's look at someone leaving after 10 years working half-time i.e. 18½ hours a week in a job where the full-time hours would be 37 per week and with a part-time final pay of £9,000.

**Membership to be used in calculating benefits is reduced like this:**

$$10 \text{ years} \times 18\frac{1}{2} \div 37 = 5 \text{ years}$$

**And we would use a whole-time equivalent pay, so their deferred annual pension is:**

$$5 \text{ years} \times \frac{1}{60^{\text{th}}} \times £18,000 = £1,500$$

They will have paid half the contributions and receive half the benefits of an equivalent whole-time person.

**If you joined the LGPS before 1 April 2008** your benefits for membership before 1 April 2008 are calculated differently. For LGPS membership you have built up to 31 March 2008 your deferred benefits are an annual pension based on 1/80<sup>th</sup> of your final pay and an automatic tax-free lump sum of three times your pension. Like the pension, the automatic lump sum is based on your LGPS membership before 1 April 2008 and your final pay. You can also exchange part of your pre April 2008 pension for extra lump sum as described above. For more information and examples, see the leaflet **If You Joined the LGPS Before 1 April 2008**.

**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 benefits will be reduced in accordance with the Court Order or agreement. For more information see the leaflet on **Pensions and Divorce or Dissolution of a Civil Partnership**.

### **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 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 provided you also pay them to cover the period between leaving and starting your new job and you join your pension rights together. Contact your new LGPS administrator within 3 months of rejoining 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 is similar to your main LGPS benefits: it can be transferred to another pension arrangement, be drawn at the same time as your LGPS benefits or you may be able to defer payment until the eve of your 75th birthday at the latest.

As you cannot pay in-house AVCs after leaving, any extra life cover paid for through AVCs will cease.

### **If you are paying additional contributions to buy extra *nominated co-habiting 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 a *nominated co-habiting partner* on your death.

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

Your deferred benefits are normally payable from age 65, although they can be paid earlier, or later. There are two ways they can be paid earlier.

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

Firstly, you can request early payment of your deferred benefits from age 55, but you must have your former employer's permission for payment before age 60. You can ask your former employer what their policy on this is. You do not need your former employer's consent to draw your benefits at or after age 60.

If you choose to draw your deferred benefits before age 65, your benefits will 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 draw them.

The reduction is calculated in accordance with guidance issued by the Government Actuary from time to time. The reduction is based on the length of time (in years and days) that you retire early i.e. calculated as the period between the date your benefits are paid and age 65.

As a guide, the percentage reductions, issued in April 2012, for retirements up to five years early are shown in the table below. Where the number of years is not exact, the reduction percentages are adjusted accordingly.

<b>No. of years paid early</b>	<b>Pensions reduction Men</b>	<b>Pensions reduction Women</b>
0	0%	0%
1	6%	5%
2	11%	11%
3	16%	15%
4	20%	20%
5	25%	24%

**If you were a member of the LGPS on 30 September 2006**, some or all of your benefits paid early could be protected from the reduction if you are a protected member. You can find out more about this from the leaflet **If You Joined the LGPS Before 1 April 2008**.

Your former employer can agree to waive any reduction on compassionate grounds. You can ask them 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 would be permanently incapable of the job you were working in when you left the LGPS and you have a reduced likelihood of being capable of any gainful employment within 3 years of applying for the benefit, or by age 65, whichever is the earlier.

If you do not take early payment of deferred benefits under either of the above two methods the deferred benefits will be paid from age 65 unless you opt to delay payment beyond that age. If you draw your deferred benefits after age 65 they will be paid at an increased rate. Deferred benefits must be paid before age 75. However, if your pension is not in payment at age 60 (women) / 65 (men), the **GMP** element (if any) of your pension must be paid from that date (unless you are still in employment).

#### **Keeping in touch**

If you change address, please remember to let the Pensions Section know so they can keep in touch with you – something that's especially important when you come to draw 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.

#### **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?

Your deferred benefits increase every year in line with the cost of living whilst they are deferred. Your pension will 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 draw 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 all your pension savings - not including any state retirement pension, state pension credit or any spouse's, ***civil partner's***, ***nominated co-habiting 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 leaflet on **Tax Controls and Your LGPS Benefits**.

The Pensions Section 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 they can work out whether or not to deduct a recovery tax charge.

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

If you leave with deferred benefits after 31 March 2008 and die before receiving them, the following benefits are payable:

**A lump sum death grant** of 5 times your deferred annual pension. Your Pension Fund administering authority has absolute ***discretion*** when deciding who to pay any death grant to. 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. You can complete an expression of wish form or make a new one at any time. The 'Expression of Wish for Death Grants' form is available for download on our website; alternatively you can obtain a copy from the Pensions Section. 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, with the lump sum death grant, the value of all your pension benefits - but not including any spouse's, ***civil partner's*** or dependant's pensions – 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 leaflet on **Tax Controls and Your LGPS Benefits**.

**A survivor's pension.** A pension will be paid to your husband, wife, registered ***civil partner*** or, subject to certain qualifying conditions, your ***nominated co-habiting 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 husband or wife:** the pension payable is equal to 1/160th of your final pay times the membership your deferred pension is based on, unless you marry after leaving, in which case it could be less. If you marry while your pension is deferred:
  - your husband's pension is based on your membership after 5 April 1988, (excluding, unless you were married to your husband at some time whilst you paid into the LGPS, additional membership purchased by you or granted to you by your employer or the scheme)
  - your wife's pension is based on your **contracted-out** membership after 5 April 1978.
- **For your *civil partner*:** the pension payable is equal to 1/160th of your final pay times the membership your deferred pension is based on.
- **For your *nominated co-habiting partner*:** the pension payable is equal to 1/160th of your final pay times your membership in the scheme after 5 April 1988, plus any of your membership before 6 April 1988 for which you have paid additional contributions so that it counts towards a ***nominated co-habiting partner's*** pension.

If your membership in the LGPS includes a ***Guaranteed Minimum Pension (GMP)***, your wife's pension for that part of your membership prior to 6 April 1997 must not be less than half your ***GMP***. Your husband or ***civil partner's*** pension for that part of your membership prior to 6 April 1997 must not be less than half your ***GMP*** built up after 5 April 1988.

**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 children you have:

- **If a survivor's pension is being paid to your husband, wife, *civil partner* or *nominated co-habiting partner*,** one child would receive 1/320th of your final pay times the membership your deferred pension is based on, while two or more children would receive 1/160th shared equally between them.
- **If there is no husband's, wife's, *civil partner's* or *nominated co-habiting partner's* pension being paid,** one child would receive 1/240th of your final pay times the membership your deferred pension is based on, while two or more children would receive 1/120th shared equally between them.

**Eligible children** are your children. They must, at the date of your death:

- be under 18 and be wholly or mainly dependent on you, or
- be aged 18 or over and under 23, be dependent on you, and be in full-time education or undertaking vocational training (although a dependant child who commences full-time education or vocational training after the date of your death may be treated as an eligible child up to age 23), or
- in some cases, a dependent child of any age who is disabled may be classed as an eligible child.

In all cases, the children must have been born before or within a year of your death.

**If you paid additional contributions 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 husband, wife, registered ***civil partner*** or ***nominated co-habiting partner*** and to eligible children.

## **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 wish to 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 if you leave less than one year before age 65. An option to transfer must be made before age 64 or, if later, within 6 months of leaving. If you transfer your LGPS benefits and you have paid Additional Voluntary Contributions (AVCs) arranged through the LGPS (in-house AVCs), you must also transfer your AVC fund.

Your new pension provider will require a transfer value quotation, which, under the provisions introduced by the Pensions Act 1995, your Pension Fund administrator will 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 your Pension Fund administrator 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 (Administration) Regulations 2008 (as amended) 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; 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, provided you apply for the transfer within 12 months of joining your new 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, buy-out insurance policy or 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 a full transfer payment is made, you will not be entitled to any further benefits from the LGPS for yourself, your spouse, **civil partner**, for any co-habiting partner nominated by you, or any benefits for your dependants.

## **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, you can usually ask for your LGPS pension rights to be transferred to your new job<sup>3</sup>.

They will not be transferred automatically. If you wish to transfer your pension rights 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**; you can ask your employer what their policy is on this matter.

If you choose to transfer them, you will have one set of benefits which will be based on your entire period of LGPS membership and your final pay in your new job.

Although transferred membership within the LGPS in England or Wales will normally count on a day for day basis, membership transferred to Scotland or Northern Ireland may count at a different length.

If your new job is less well paid, you will need to decide whether it may be better not to join the benefits together.

If you wish to transfer your LGPS pension rights you should contact us or your new LGPS administrator as soon as possible to find out about this and about the matters you will need to consider in making your decision.

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

If you have two or more jobs where 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, you can choose to transfer your deferred benefits to the job you are continuing in. 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 will be able to transfer your benefits to the job you are continuing in. The amount of membership you will be granted in the continuing job will be adjusted to reflect any difference in the whole-time rates of pay between the jobs as follows:

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 a pension scheme that is broadly equivalent to the LGPS. 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. You would have the same options available to anyone else leaving the LGPS before retirement. Alternatively, the contractor may be able to become an admission body in the LGPS. 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 membership prior to the transfer of your job to the contractor will be automatically aggregated with your post transfer LGPS membership.

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<sup>3</sup> You cannot transfer membership built up as an employee in England or Wales to membership in the Scheme as a councillor or mayor in England or Wales, and vice versa.

## More information

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

**The Pensions Section,  
Gloucestershire County Council,  
Shire Hall  
Westgate Street,  
Gloucester, GL1 2TG.**

**Pension helpline phone number: 01452 426677**

**e-mail: [pensions@gloucestershire.gov.uk](mailto:pensions@gloucestershire.gov.uk)**

**website: [www.gloucestershire.gov.uk/pensions](http://www.gloucestershire.gov.uk/pensions)**

The national web site for members of the LGPS can be found at [www.lgps.org.uk](http://www.lgps.org.uk)

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 leaflet **Help with Pension Problems**.

## Disclaimer

The information in this leaflet applies to individuals who were contributing members of the Local Government Pension Scheme on 1 April 2008 or who have since joined. This leaflet is for employees in England and Wales and reflects the provisions of the LGPS and overriding legislation at the time of publication in October 2012. The Government may make changes to overriding legislation and, after consultation with interested parties, may make changes in the future to the LGPS. **Changes to the LGPS are planned for 2014**, for details see the national LGPS web site at [www.lgps.org.uk](http://www.lgps.org.uk)

This leaflet 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 leaflet does not confer any contractual or statutory rights and is provided for information purposes only.

## Some terms we use

### Admission Body

An admission body is an employer that chooses to participate in the scheme under an admission agreement. These tend to be employers such as charities and contractors.

### Civil Partnership

A Civil Partnership is a relationship between two people of the same sex (civil partners) which is formed when they register as civil partners of each other.

### Contracted out

The LGPS was contracted out of the **State Earning Related Pension Scheme (SERPS)** and is contracted out of the **State Second Pension (S2P)**. This means that, prior to **State pension age**, you pay reduced National Insurance contributions between the **Lower Earnings Limit** and the **Upper Accruals Point** (unless you have opted to pay the married woman's/widow's reduced rate of National Insurance). The LGPS

guarantees to pay you a **Guaranteed Minimum Pension (GMP)** for being contracted out of the **State Earning Related Pension Scheme (SERPS)** and, for membership after 5 April 1997, the LGPS must meet a minimum Reference Scheme test prescribed under the Pensions Act 1995.

### **Discretion**

This is the power given by the LGPS to enable your employer or your administering authority to choose how they will apply the scheme in respect of certain provisions. Under the LGPS your employer or your administering authority are obliged to consider how to exercise their discretion and, in respect of some (but not all) of these discretionary provisions, to have a written policy on how they will apply their discretion. They have a responsibility to act with 'prudence and propriety' in formulating their policies and must keep them under review. You may ask your employer or your administering authority what their policy is in relation to a discretion. Your administering authority is Gloucestershire County Council.

### **Guaranteed Minimum Pension (GMP)**

The LGPS guarantees to pay you a pension that is at least as high as you would have earned had you not been **contracted out** of the **State Earning Related Pension Scheme (SERPS)** at any time between 6 April 1978 and 5 April 1997. This is called the Guaranteed Minimum Pension (GMP).

### **Lower Earnings Limit**

This is the amount of pay that you can receive before you pay any National Insurance contributions. The Lower Earnings Limit for 2012/2013 is £107 per week. It is usually increased annually by Parliament.

### **Nominated co-habiting partner**

A co-habiting partner is someone you are living with as if you are married or in a civil partnership. To be able to nominate a co-habiting partner, of either opposite or same sex, to receive a survivor's pension on your death, your relationship has to meet certain conditions laid down by the LGPS. Information on these conditions and how to make a nomination are set out in the leaflet on **Life Cover – Protection For Your Family**.

### **SERPS (State Earnings Related Pension Scheme)**

This is the extra earnings related part of the state pension that employed people could earn up to 5 April 2002. LGPS members were automatically **contracted out** of SERPS, and most paid lower national insurance contributions as a result. SERPS was replaced by the **State Second Pension (S2P)** from 6 April 2002.

### **State pension age**

This is the earliest age you can receive the state basic pension. State pension age is currently age 65 for men. State pension age for women is currently being increased to be equalised with that for men. The Government has announced that it will speed up the pace of State pension age equalisation for women, so that women's State pension age will reach 65 by November 2018.

## State pension age equalisation timetable for women

Date of Birth	New State Pension Age
Before 6 April 1950	60
6 April 1950 - 5 April 1951	In the range 60 - 61
6 April 1951 - 5 April 1952	In the range 61 - 62
6 April 1952 - 5 April 1953	In the range 62 - 63
6 April 1953 - 5 August 1953	In the range 63 - 64
6 August 1953 - 5 December 1953	In the range 64 - 65

The State pension age will then increase to 66 for both men and women from December 2018 to October 2020.

## Increase in State pension age from 65 to 66 for men and women

Date of Birth	New State Pension Age
6 December 1953 - 5 October 1954	In the range 65 - 66
After 5 October 1954	66

Under current legislation the State pension age is due to rise to 67 between 2034 and 2036 and to 68 between 2044 and 2046. However the government has announced plans to revise the legislation so that the date when the State Pension Age rises to 67 is between 2026 and 2028 and that rises above age 67 will be linked to increases in life expectancy.

## State Second Pension (S2P)

The State Second Pension (formerly **SERPS**) is the additional state pension, payable from **State pension age** by the Department for Work and Pensions. Initially, S2P was an earnings-related pension but from April 2009 it began building up as a flat rate pension, achieving full flat rate accrual by around 2030.

LGPS members are **contracted out** of S2P and most pay lower national insurance contributions as a result. More information on the State Second Pension (S2P) is available from the DWP Pensions Service.

## Upper Accruals Point

This is the amount of pay beyond which you cease to pay the, lower, contracted-out rate of National Insurance contributions. The Upper Accruals Point for 2012/2013 is £770 per week. On earnings above the Upper Accruals Point and up to the Upper Earnings Limit of £817 per week you pay the full 12% National Insurance contribution and on earnings above the Upper Earnings Limit you pay a 2% National Insurance contribution.