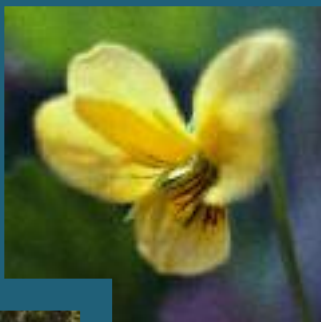


Local Government Pension Scheme



THE ROYAL COUNTY OF
BERKSHIRE
PENSION FUND



A guide for new employees

joining the Scheme
on or after 1 April 2008



Introduction



Membership of the Local Government Pension Scheme (LGPS) is a very important benefit. Not only will it provide you with income during retirement, payable for life, but it also gives your loved ones financial security in the event of your death or long-term ill health.

This booklet summarises the conditions of membership and main benefits that apply under the Scheme for members first joining on or after 1 April 2008. If you have membership since before that date you should obtain booklet LGS1A from the Pension Team or by visiting www.berkshirerpensions.org.uk

What kind of scheme is it?

The LGPS is a registered public scheme and is known as a defined benefit occupational pension scheme. This means the benefits under the Scheme are based on the length of your membership and your final pay. It is very secure because the benefits are set out in law.

Who can join?

The LGPS is available to all employees in local government, or in other organisations that have chosen to participate in it. Teachers, police and firefighters are not allowed to join as they have their own pension schemes. You need to be under age 75 (under age 70 for coroners) to join the LGPS. If you become employed in local government you will normally become a member of the LGPS automatically if your contract of employment is for at least three months' duration, unless you opt not to join. If you are employed by a town or parish council or certain admitted bodies, you must be designated by your employer as being eligible for membership.

How do I check that I am a member of the LGPS?

To secure your entitlement to Scheme benefits it is important that you complete and return all relevant forms your employer may give you and that are included in your welcome pack as issued by the Pension Team. In addition, you should check your payslip to ensure that pension contributions are being deducted.

Can I opt-out of the LGPS and rejoin it later?

You can opt-out of the LGPS without leaving your employment at any time by giving your employer notice in writing. If you have at least three months of Scheme membership or you have transferred former pension rights into the LGPS, you will be entitled to Scheme benefits and will not be able to have a refund of the contributions you have paid. If you have less than three months of Scheme membership and have not transferred former pension rights into the LGPS, you will be entitled to a refund of the contributions you have paid.

You are allowed to opt back into the LGPS in the future so long as you remain in eligible local government employment. Please note, you may wish to obtain independent financial advice before you make a decision to opt-out of the LGPS.

Contributions

What do I pay?

The amount of contribution that you pay is determined by how much you earn, as assessed by your employer and in accordance with the following table:



**Contribution bandings
from 1st April 2009 to 31st March 2010**

Band	Salary Range	Contribution Rate
1	£0 - £12,600	5.5%
2	Over £12,600 to £14,700	5.8%
3	Over £14,700 to £18,900	5.9%
4	Over £18,900 to £31,500	6.5%
5	Over £31,500 to £42,000	6.8%
6	Over £42,000 to £78,700	7.2%
7	Over £78,700	7.5%

If you work part-time, when determining which rate you should pay, your employer will have to consider the level of earnings that you would have received had you been an equivalent full-time employee. If you are contracted to work term-time only, when determining which rate you should pay, your employer will have to consider the level of earnings that you would have received had you been employed on a full-time basis but only during term-time.

As a member of the LGPS, your contributions will attract tax relief at the time they are deducted from your pay and you will be contracted out of the State Second Pension Scheme (S2P).

For the duration of your membership of the LGPS, prior to State Pension Age, you will pay reduced National Insurance contributions and will not earn any benefits under the State Second Pension Scheme. However, the LGPS guarantees benefits that are at least equivalent to, and normally much better than, the pension provided by the State Second Pension Scheme. From State Pension Age you are not required to pay National Insurance contributions.



Does my employer contribute?

Your employer pays the balance of the cost of providing your benefits. Every three years an independent review is undertaken to calculate how much your employer should contribute to the Scheme. In order that Scheme benefits remain affordable, increases or decreases in the cost of providing those benefits may, in the future, be shared between Scheme members and employers. This will be in accordance with Government guidance.

Contributions continued

Can I pay more to increase my benefits?

You can make additional payments to increase your retirement benefits and life cover. You can do this either by paying Additional Regular Contributions (ARCs) to the LGPS, by making payments to the Scheme's Additional Voluntary Contribution (AVC) arrangement, or by making payments to a personal pension, stakeholder pension or free-standing AVC scheme of your own choice. Further details are included in your welcome pack or can be obtained from the Pension Team or by visiting www.berkshirerpensions.org.uk



Can I transfer pension benefits into the LGPS?

Generally speaking, benefits that you have previously built up in another LGPS fund or in other pension arrangements can be transferred and will buy membership in the LGPS. An option to transfer your pension rights into the LGPS must be made within 12 months of joining or such longer period as your employer allows. Further details can be found in your welcome pack along with an application form.



Retirement

When are benefits normally paid from the Scheme?

You can retire and receive your LGPS benefits without penalty once you reach age 65. The Scheme also makes certain provision for the early payment of your LGPS benefits.



Can I retire before age 65?

Yes. If you choose to receive your pension before the age of 65 it will be reduced to reflect its early payment and the fact that it will be paid for longer. In certain circumstances, and with your employer's consent, it may be possible to draw your pension at any time from the age of 55 but that would be for your employer to decide at that time.

What if I want to have a gradual move into retirement?

Rather than continuing in your job to 65 and drawing your pension from then, you could, from age 55 and with your employer's consent, reduce your hours or move to a less senior position and draw all or some of the pension benefits you have built up – helping you ease into retirement. However, the benefits you draw may be subject to a reduction to take account of their early payment unless your employer agrees to waive the reduction in whole or in part. You can continue paying into the LGPS, building up further benefits in the Scheme. You must have your employer's consent to release your benefits early as well as their consent to a reduction in your hours of work or grade.

What if I carry on working after age 65?

If you carry on working after age 65 you will continue to pay into the Scheme, building up further benefits. You can receive your pension when you retire, or when you reach the eve of your 75th birthday, or if you have your employer's consent for flexible retirement, whichever occurs first.

If you draw your pension after age 65 it will be increased to reflect the fact that it will be paid for a shorter time. Your pension has to be paid before your 75th birthday.

What if my employer retires me on grounds of redundancy?

If you are aged 55 or over and have at least three months' membership of the Scheme or have transferred other pension rights into the LGPS, you will be entitled to the immediate unreduced payment of your LGPS pension. If you are under the age of 55 your benefits will be deferred and become payable at 65.

Retirement continued

What happens if I have to retire early due to ill health?

If you have at least three months' membership of the Scheme or have transferred pension rights into the LGPS, you will receive your pension immediately. Your employer must be satisfied that, because of ill health, you have become permanently incapable of doing your job. They will need to assess, with the help of a qualified occupational doctor, the likelihood of your obtaining gainful employment in the future.



If the doctor determines that you have no reasonable prospect of obtaining gainful employment before the age of 65, your membership will be increased by 100% of the membership you could have built up to the age of 65. If the doctor determines that there is a reasonable prospect of you obtaining gainful employment before the age of 65, your membership will be increased by 25% of the membership you could have built up to the age of 65. If the doctor determines that you have a reasonable prospect of obtaining gainful employment within three years, your benefits built up to date will be released, without enhancement, and you will need to inform your employer if you obtain gainful employment again. This benefit will be reviewed by your employer.

Gainful employment is defined as paid employment for not less than 30 hours per week for a period of not less than 12 months.

How much will my pension be?

Your pension is based on the length of your membership of the LGPS and your final pay.

Final pay

This is normally your pensionable pay in your final year of service. However, if your pensionable pay was actually higher in one of the previous two years, the higher pay figure will be used instead. Also, if your full-time equivalent pay was reduced during the 10 years prior to leaving the Scheme, you may be able to choose a different final pay figure to calculate your benefits.

For every year and part-year that you are a member of the Scheme, you earn 1/60th of your final pay, so after 40 years, for example, you will earn a pension equal to two-thirds of your final pay. Your membership includes any additional years and days purchased as a result of transferring pension rights into the Scheme from previous pension arrangements. (Please note: if you have been a member of the LGPS at some time before 1 April 2008, your pension up to 31 March 2008 will be calculated by dividing your final pay by 80 and not 60 – see booklet LGS1A.)

If you are part-time, your Scheme membership will count at its part-time length when working out your pension and your final pay is increased to what you would have received had you been working full-time.

Example

If you retired at the age of 65 with 30 years' membership and a final pay of £16,400, your annual pension would be:

$$30 \times 1/60 \times £16,400 = £8,200$$



If you had worked half-time (i.e. 30 years at half-time = 15), your annual pension would be calculated like this:

$$15 \times 1/60 \times £16,400 = £4,100$$



Will I receive a lump sum?

The LGPS does not provide an automatic lump sum. However, at retirement, you can elect to convert part of your pension into tax-free cash at a rate of £12 to £1, within HM Revenue & Customs (HMRC) limits. So, for every £1 of pension you give up, you can buy £12 of tax-free cash. (Please note: if you have been a member of the LGPS at some time before 1 April 2008 you will be entitled to a lump sum in respect of that period of membership normally calculated at a rate of 3/80ths of final pay for each year and part-year of membership – see booklet LGS1A.)

Taking AVCs as cash

If you pay Additional Voluntary Contributions (AVCs) via the LGPS you may elect to take up to 100% of the accumulated fund in your AVC account as a tax-free lump sum if you draw it at the same time as your LGPS pension benefits. However, when added to any LGPS lump sum, it must not exceed 25% of the overall value of your LGPS benefits (including your AVC fund).

Will my pension increase?

The LGPS provides statutory pension increases. This means that from age 55, your pension will be increased each year in line with the Retail Prices Index. Ill health pensions are increased each year in line with the Retail Prices Index regardless of age.



Protection

for your family

What benefits will be paid if I die?

If you die in service as a member of the LGPS, subject to certain qualifying conditions, the benefits shown below are payable:



- ▶ A pension for your widow, widower, nominated cohabiting partner or civil partner equal to 1/160th of your final pay for each year and part-year of membership
- ▶ Pensions for your eligible children
- ▶ A lump sum death grant of three times your annual pensionable pay

If you die in retirement, the benefits below are payable:

- ▶ A pension for your widow, widower, nominated cohabiting partner or civil partner payable at a rate of 1/160th of your final pay as used at retirement to calculate your benefits plus inflation increases since that time, for each year and part-year of your Scheme membership
- ▶ Pensions for your eligible children
- ▶ A death grant equal to 10 times your pension, less any pension already paid (only if you die before the age of 75)

Expression of wish form

The LGPS allows you to say whom you would want any death grant to be paid to by completing an expression of wish form, a copy of which is included in your welcome pack. The form is also available from the Pension Team (see the back page for contact details), or you can download one from www.berkshirerensions.org.uk. The Scheme's administering authority, however, retains absolute discretion when deciding to whom any death grant is payable.



Leaving the Scheme

Refund of contributions

If you leave or opt-out of the Scheme with less than three months' total membership and have not transferred any previous pension rights into the LGPS, you may take a refund of your contributions, less any deductions for tax and the cost of buying you back into the State Second Pension Scheme (S2P).

Deferred benefits

If you leave before age 65 and your Scheme membership totals three months or more, or you have transferred other pension rights into the LGPS, you will be entitled to deferred benefits within the LGPS. Your deferred pension will be calculated as described in the section on Retirement, using the length of your total membership up to the date that you left the Scheme and your final pay at leaving.

Unless you decide to transfer your deferred benefits to another pension scheme, the deferred benefits will become payable at age 65 (unless you elect to defer drawing them till later), but may be put into payment earlier, and in full, in the event of permanent ill health.

You can also elect to receive deferred benefits early, at or between the ages of 55 and 59 with your former employer's consent, or at or after age 60, without your former employer's consent. However, benefits paid early may be subject to a reduction to take account of their early payment and the fact that your pension will be paid for longer.



Transferring your benefits

If you leave the Scheme at least one year before age 65 and you are entitled to deferred benefits, you may transfer the cash equivalent of your pension benefits into a new employer's scheme, if they are willing and able to accept it, into a personal or stakeholder pension scheme, or into a 'buy-out' insurance policy.

The method of valuing the cash equivalent of your pension rights complies with the requirements of the Pension Schemes Act 1993 and any value quoted is guaranteed for three months. You should always seek independent financial advice before deciding to transfer your benefits out of the LGPS.

Alternatively, if you return to employment with an employer participating in the LGPS, then you may elect for the pension rights that you have built up to be added to your new period of membership in the Scheme. Such an election must be made within 12 months of re-joining the Scheme or such longer period as your employer allows.

Help with pension problems

Who can help me if I have a query or complaint?

If you are in any doubt about your benefit entitlements, or you have a problem or question about your LGPS membership or benefits, please contact the Pension Team first (their details are given at the end of this guide). They will seek to clarify or put right any misunderstandings or inaccuracies as quickly and efficiently as possible.

If you are still dissatisfied with any decision made in relation to the Scheme, you have the right to have your complaint independently reviewed under the Internal Dispute Resolution Procedure. As the Scheme is well regulated, there are also a number of other regulatory bodies that may be able to assist you. The various procedures and bodies are detailed below.

Internal Dispute Resolution Procedure

In the first instance you should write to the person nominated by the employer who made the decision about which you wish to appeal. You must do this within six months of the date of the notification of the decision about which you are complaining. The nominated person will consider your complaint and notify you of his/her decision. If you are dissatisfied with that person's decision, you may, within six months of the date of the decision, apply to the Scheme's administering authority to have it reconsidered.

A leaflet explaining the Internal Disputes Resolution Procedure in detail is available on request from the Pension Team or by downloading a copy from www.berkshirerpensions.org.uk.

The Pensions Advisory Service (TPAS)

TPAS is available at any time to assist members and beneficiaries of the Scheme in connection with any pension query they may have or any difficulty that they cannot resolve with their Scheme administrators. TPAS can be contacted at:

11 Belgrave Road
London
SW1V 1RB
Tel: 0845 601 2923

Pensions Ombudsman

In cases where a complaint or dispute cannot be resolved after the intervention of TPAS, an application can be made, within three years of the event, to the Pensions Ombudsman for his adjudication. The Ombudsman can investigate and determine any complaint or dispute involving maladministration of the Scheme or matters of fact or law. His decision is final and binding. Matters where legal proceedings have already started cannot be investigated. The Pensions Ombudsman can be contacted at:

11 Belgrave Road
London
SW1V 1RB
Tel: 0207 834 9144



The Pensions Regulator

The Pensions Regulator has powers to protect members of work-based pension schemes and a wide range of powers to help put matters right, where needed. In extreme cases, the Pensions Regulator is able to fine trustees or employers and remove trustees from a scheme. You can contact the Pensions Regulator at:

Napier House
Trafalgar Place
Brighton
East Sussex
BN1 4DW
Tel: 0870 6063636



How can I trace my pension rights?

The Pensions Tracing Service holds details of pension schemes, including the LGPS, together with relevant contact addresses. It provides a tracing service for ex-members of schemes with pension entitlements (and their dependants), who have lost touch with previous employers. All occupational and personal pension schemes have to register if the pension scheme has current members contributing into their scheme or people expecting benefits from the scheme. If you need to use this tracing service please write to:

The Pension Tracing Service
The Pension Service
Tyneview Park
Whitley Road
Newcastle upon Tyne
NE98 1BA
Tel: 0845 6002 537

Don't forget, if you change address you need to notify the Pension Team of your new address details immediately or else you could miss out on vital information relating to your pension in the future. The contact details can be found on the back cover of this booklet.

Disclaimer

This guide cannot cover every personal circumstance and does not cover rights that apply to a limited number of employees. In the event of any dispute over your pension benefits the appropriate legislation will prevail. This guide does not confer any contractual or statutory rights and is provided for information purposes only.

Contact details

More detailed information about the Scheme is available from the Pension Team:

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3rd Floor
Thames Tower
37 – 45 Station Road
Reading
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This guide is printed on ClaroSilk, an elemental chlorine-free (ECF) paper sourced from certified, sustainably managed forests.



The Royal Borough of Windsor and Maidenhead is the administering authority to the Royal County of Berkshire Pension Fund.

LGS1(0409)