

Local Government Pension Scheme



THE ROYAL COUNTY OF
BERKSHIRE
PENSION FUND



Transferring former pension rights

into the Local Government Pension Scheme (LGPS)





As a new member of the Local Government Pension Scheme (LGPS) in Berkshire, you have the opportunity of transferring previous pension rights that you may have with another local authority, company, occupational or personal pension scheme into the LGPS.

An election to transfer former pension rights into the LGPS has to be made in writing within 12 months of joining the LGPS or such longer period as your new employer may allow.

If you would like to consider transferring any former pension rights that you may have into the LGPS you will need to complete and return the form attached to this explanatory leaflet. At this stage you are only expressing an interest in transferring your benefits. Once you have been made aware of what the transfer will purchase in the LGPS you will need to sign a declaration confirming whether or not you want the transfer to go ahead.

Please note that no-one connected with the Royal County of Berkshire Pension Fund is authorised to give financial advice but we do aim to provide you with sufficient information to enable you to make an informed decision regarding the transfer of your benefits.

Transferring benefits from a previous period of LGPS membership

If you leave the LGPS (either because you leave your employer or you opt out of the Scheme) you may be entitled to leave your benefits in the Scheme (i.e. deferred benefits based on your membership and final pay up to that point). If you later re-join the LGPS with another Local Government employer you have the choice to add your previous deferred benefits to the benefits building up in your current employment. This is known as combining benefits.

If you have more than one deferred benefit held with more than one previous LGPS employer, you can only combine the most recent period of membership with your current membership, unless you have already combined earlier periods together or all periods fall within the 12-month deadline for transferring.

For example, you have a deferred benefit with Employer 1 following a period of employment from 1997 to 1999. You have a second deferred benefit with Employer 2 following a period of employment from 2001 to 2005. You re-join the LGPS in 2008. You will only be able to combine your benefits held by Employer 2 to your current employment but not those benefits held by Employer 1. If, however, upon joining Employer 2 you had previously elected to combine your benefits held by Employer 1, so that all of your membership was held by Employer 2, all of your former rights can be transferred by Employer 2 to your current employment.

A decision to combine your benefits must be made within 12 months of re-joining the LGPS or such longer period as your employer may allow.

If you do elect to combine your benefits you will be credited with day-for-day membership of the 'new' scheme. So, if you have 10 years 20 days of previous LGPS membership in a former scheme, you will be credited with 10 years 20 days of membership in the LGPS in Berkshire.

What you do need to consider is that the LGPS is a final salary scheme and you therefore need to compare the rate of pay you were receiving in your former employment with the rate of pay you are receiving, or anticipate that you will receive, in your current employment.

Some points to consider

- The pay on which your former deferred benefits have been calculated will go up in line with inflation so your deferred benefits are protected against the impact of inflation.
- Your pay in your current employment will go up in line with pay increases (not forgetting career progression), which may be more than inflation.
- If your pay in your new job goes up faster than inflation, even if your pay in your new job is currently less than in your old job, it may be that by the time you leave your current employment your rate of pay will be higher than the pay on which your deferred benefits were calculated plus inflation increases.

Apart from the issues of pay you also need to consider whether or not by combining your benefits you are delaying the date from which the otherwise deferred element of your benefits could be taken.

The Rule of 85

It may be possible for you to draw your deferred benefits before the age of 65 without reduction to those benefits if at the point your deferred benefits become payable, you satisfy the rule of 85. The rule of 85 is satisfied when the total of your membership and your age (both in whole years) when added together equals 85 or more. In the case of deferred benefits, the rule of 85 looks at the potential membership you would have accrued had you continued in your employment and not left with deferred benefits.



For example, take a member who left the LGPS with 10 years of membership at the age of 45. Had that member continued in the same employment until the age of 60 they would have achieved 25 years of membership. 60 plus 25 equals 85 and therefore those deferred benefits would be paid from the age of 60 without reduction.

Now assume that the same member re-joined the LGPS at the age of 55 and elected to combine those 10 years with his new employment. By the age of 60, that member would now only be credited with 15 years of membership (the 10 previously deferred years transferred over plus the five years accrued between the ages of 55 and 60). If the benefits were now taken at age 60 a reduction would be applied to all of those benefits and not just the five years worth of benefits accrued between the ages of 55 and 60 as the rule of 85 is no longer satisfied.

The 85-year rule has been removed from the Scheme with effect from 1 October 2006. However, employees who were contributing to the Scheme before that date have certain protections built into their benefits. If you are unsure about how the 85-year rule applies to you please read our leaflet called 'The 85-year rule and how it applies to you' or contact the Pension Team at the address on the back of this leaflet.



Some points to consider

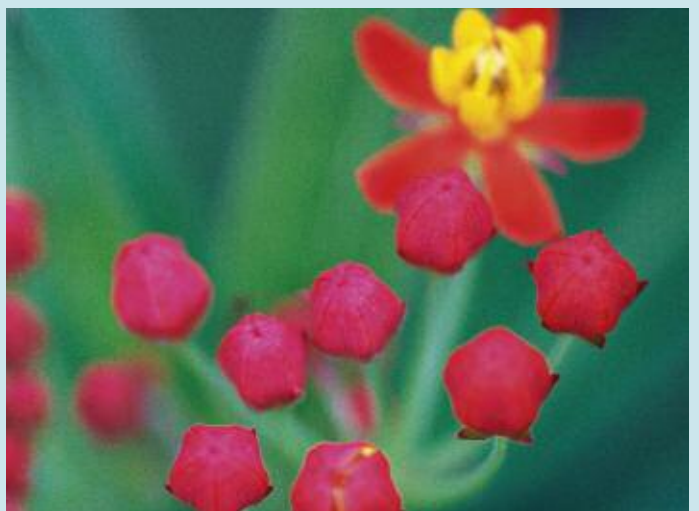
- Benefits payable upon death. As a current member of the LGPS in Berkshire, if you were to die in service, a death grant equal to three times your annual pensionable pay would be paid as a death grant. A death grant would also become payable in respect of your deferred benefits held by your former employer. If you elect to combine your benefits you will no longer be entitled to the death grant payable in respect of those former deferred benefits.
- If you are made redundant by your employer you may qualify for the immediate payment of your benefits at an unreduced rate (regardless of the 85-year rule). If you elect to combine your benefits the total of those benefits will be paid. If, however, you choose to keep your deferred benefits separate, you will not normally be able to receive payment of your deferred benefits until the age of 60 at the earliest.

Transferring benefits from another public sector pension scheme

Public sector pension schemes operate transfers of pension rights under what is known as 'The Public Sector Transfer Club'. The Club consists of a number of final salary occupational pension schemes that have agreed reciprocal transfer arrangements, thereby providing members with the opportunity of transferring their benefits on special terms. In general, if you transfer benefits between Club schemes you will receive a broadly equivalent period of membership in your new scheme regardless of any increase in salary on moving.

Eligible private sector pension schemes can also participate in the Club providing they are a final salary occupational pension scheme, have full HM Revenue & Customs approval, they agree to comply with the Club arrangements and they are contracted-out of the State Second Pension Scheme.

Club schemes calculate the period of membership purchased in the new scheme (known as a service credit) by using a set of standard tables that are used by all Club schemes. The Club arrangements also require the new scheme to use the member's salary in the old scheme when calculating the service credit, regardless of any increase on moving.



Where a Club transfer takes place between two Club schemes with identical provisions, the transfer should produce a year-for-year service credit. When the schemes' provisions differ, for example if they have different pension ages, a transfer might produce a higher or lower service credit.



A Club transfer is normally beneficial for the member but in some cases this may not be true if you are taking a large pay cut on joining your new scheme or you have substantial benefits in your former scheme and are near to pension age when you join your new scheme with the intention of working beyond your normal retirement age.

You should also bear in mind that not all Club schemes have the same pension benefit structure, and qualification for pension scheme and early retirement benefits will depend on the provisions of each scheme's rules.

You must apply for a Club transfer within 12 months of joining the LGPS or such longer period as your employer may allow at their discretion.

Transferring benefits from another company, occupational or personal pension scheme

If you have former pension rights but not with the LGPS and not as part of another Public Sector Transfer Club scheme, you can still apply for those former pension rights to be transferred into the LGPS.

These transfers are often referred to as Non-Club transfers. In these circumstances your former scheme will calculate a transfer payment that is the cash value of your pension benefits held in their scheme (known as the Cash Equivalent Transfer Value or CETV). Your former scheme administrators will base this CETV on the rate of pay you were earning at the point that you left their scheme and allow for increases up to retirement, at most in line with prices.

The LGPS as receiving scheme must offer an equivalent value but the service credit is based on your salary at the point you join the LGPS. Other factors are applied which allow for expected salary increases. So even when the two schemes are similar in structure, the result is generally a lower service credit in the LGPS. This is particularly so if you are receiving a higher salary in your employment.



You must apply for a transfer within 12 months of joining the LGPS or such longer period as your employer may allow at their discretion.

Further points to consider when transferring pension rights into the LGPS

- Based on your current salary we will provide you with the value of LGPS benefits that will be purchased by transferring your former pension rights into the LGPS. Make sure that when comparing these benefits with the value of benefits that would otherwise be retained in your former scheme you are comparing these on a 'like for like' basis i.e. the benefits quoted by your former scheme also refer to the current value and not a value projected forward to your retirement age.
- Your previous scheme may guarantee the amount of the transfer payable for a certain period (usually three months). If you do not transfer your former benefits into the LGPS within this guaranteed period, your former scheme will re-calculate the transfer value payable which maybe more or less than previously quoted, subject to market conditions.
- If you have previous pension rights in more than one pension scheme and you elect to transfer each of those pension rights into the LGPS, as each transfer value is received the service credit provided by each subsequent transfer may be affected. This is due to the fact that when a transfer value is received one of the factors used to determine the membership that will be purchased in the LGPS is the date from which your benefits can be paid without reduction. By transferring in a period of membership from another scheme you may actually bring forward your earliest possible retirement date and that will change the way in which subsequent service credits are calculated.

- If you have been a member of the LGPS for more than 12 months but your employer allows you to still transfer your former pension rights into the LGPS, your current pay figure will be used to calculate the service credit. This may mean that you receive less membership than you have received had the transfer taken place within the first 12 months of joining the LGPS.
- When calculating a service credit we also take into account your age and whether you have a husband, wife, nominated cohabiting partner or civil partner. These factors will all have an impact of the membership provided by a pension transfer.
- You cannot transfer into the LGPS benefits from any scheme (including the LGPS) as a result of a pension credit received following a divorce or dissolution.

Summary

Having provided you with details of the benefits a transfer into the LGPS can provide, you may wish to seek independent financial advice before finally deciding whether or not to proceed with the transfer of your former pension rights. There are many factors to consider, and whilst we are able to assist you in understanding the process of transferring former pension rights into the LGPS we cannot advise you whether to transfer or not.

If, however, you require further assistance please contact the Pension Team:

Royal County of Berkshire Pension Fund
Minster Court, 22-30 York Road, Maidenhead
Berkshire SL6 1SF

Tel: 0845 602 7237 Fax: 01628 796 700

E-mail: info@berkshirepensions.org.uk

Website: www.berkshirepensions.org.uk

Local Government Pension Scheme Declaration of Previous Pension Rights

Personal details

Title: _____ Surname: _____ Forenames: _____

Date of Birth: (Please supply a copy of your birth certificate) _____

Partnership Status: Married / Cohabiting Partner (not married) / Single / Civil Partner / Divorced /
Widow(er) / Separated (please delete)

National Insurance Number (if known): _____ Current Employer: _____

Home Address: _____

Post Code: _____ E-mail Address: _____

Previous Pension Rights (Please use additional plain sheets of paper if required)

Name and Address of Previous Scheme	Position Held	Date Joined Previous Scheme	Date Left Previous Scheme	Scheme Reference Number (if any)

Please answer the following questions by ticking either of the YES or NO boxes

Are you currently contributing to a private pension scheme or a stakeholder pension scheme?

YES NO

Are you already in receipt of a Local Government Pension Scheme pension?

I hereby authorise the Royal County of Berkshire Pension Fund to investigate the transfer of my former pension rights from the above detailed scheme(s) to the Local Government Pension Scheme

Your attention is drawn to the importance of supplying full and accurate information on all matters indicated and you are warned that any inaccuracy in or omission from the information supplied may prejudice the ascertainment of your rights under Local Government Pension Scheme Regulations.

A decision to combine benefits will have to be made within the first 12 months of returning to local government employment. Where you choose not to combine a former period of membership with your current membership period you cannot make a subsequent election to combine that period of membership on later re-joining the LGPS.

If you opt to transfer from a non-local government pension arrangement, any request you make to investigate a transfer will not be binding until you have been supplied with further details and subsequently confirm that you wish the transfer to go ahead. An option to transfer must be made within 12 months of joining the LGPS or such longer period as your employer allows.

I hereby certify that to the best of my knowledge the information supplied above is correct.

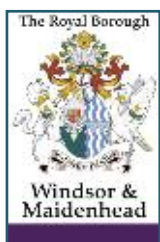
Signed: _____ Date: _____

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

Royal County of Berkshire Pension Fund
Minster Court
22-30 York Road
Maidenhead
Berkshire
SL6 1SF

Tel: 0845 602 7237
Fax: 01628 796 700
E-mail: info@berkshirepensions.org.uk
Website: www.berkshirepensions.org.uk

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.

LGS3(0310)