

TYNE AND WEAR PENSION FUND IMPORTANT NOTICE

This booklet is for employees in England and Wales who were LGPS members and **left the Scheme** before retirement **prior to 1 April 2008**. It reflects the provisions of the Local Government Pension Scheme (LGPS) and overriding legislation valid **until 31 March 2008**.

The LGPS changed on 1 April 2014. If you were a member of LGPS and left the Scheme before retirement after 31 March 2008 but before 1 April 2014 you should refer to the booklet '**Leaving Before Retirement after 31 March 2008 and before 1 April 2014**'. If you were a member of LGPS and left the Scheme before retirement after 31 March 2014 you should refer to the booklet '**Leaving Before Retirement after 31 March 2014**'.

Any decision should not be based solely on the information in this booklet. If you wish to discuss your position before making a decision about your LGPS benefits, you can contact the Pensions Helpline on 0191 4244141.

More detailed information is available at <https://lgpsmember.org/index.php>

Left the LGPS Before 1 April 2008 With Deferred Benefits

As you have left pensionable employment, before the age of 65, you will have to decide what to do with the benefits that you have built up in the Local Government Pension Scheme (LGPS). This booklet describes the options available to you, and the points you should consider.

As your period of membership in the LGPS is three months or more, or you have membership transferred in from a previous pension arrangement you qualify for a deferred pension and tax-free lump sum.

If you **opted out** of the LGPS without leaving your current job, you may not be entitled to the benefits described in this leaflet until you leave employment. Please contact the Pensions Helpline to clarify your position.

Calculation of Deferred Benefits

Deferred benefits are calculated as follows:

Annual pension

$1/80 \times \text{final pay} \times \text{period of membership}$

Tax Free Lump Sum

$3/80 \times \text{final pay} \times \text{period of membership}$

Early Payment of Benefits

From the age of 50, benefits may be brought into payment at the discretion of your previous employer and depending on your membership, although they may be reduced due to early payment.

If your former employer gives their permission to pay your benefits before age 55, this may result in a tax charge on your benefits. This would be in addition to the normal PAYE tax on your monthly pension. Payment of benefits on or after age 55 will not result in this additional tax charge.

Your previous employer has the discretion to waive any reduction on compassionate grounds.

If you become permanently ill (at any age) your benefits can be brought into payment without reduction or tax charge. Your monthly pension may still be subject to normal PAYE tax depending on your income.

If you joined the LGPS after 1 April 1998, and left before 1 April 2008

Your benefits will become payable at age 65 (normal retirement date). You will have the option to take your benefits at age 60, but they will be subject to reduction if you do not satisfy the 85 year rule.

Your previous employer has the discretion to waive any reduction on compassionate grounds

If you joined the LGPS before 1 April 1998, and left before 1 April 2008

Your benefits will become payable at age 65 (normal retirement date). You will have the option to take your benefits at age 60, but they will be subject to reduction if you could not:

- complete 25 years potential membership by age 60 (known as the 25 year rule)
Or
- satisfy the 85 year rule

If between the ages of 60 and 65, you satisfy the 85 year rule, or reach 25 years potential membership (whichever is first), your benefits could come into payment, unreduced, from that date.

Your previous employer has the discretion to waive any reduction on compassionate grounds.

Deferring Payment

If you left the LGPS after 1 April 2006, you have the option to defer payment of your benefits until, at the latest, the eve of your 75th birthday.

Annual Benefit Statements

Each year you will receive an annual benefit statement from the Pensions Office, to confirm the current value of your benefits, and provide other information which may be relevant to you. Therefore, it is important that you notify us immediately of any change in address.

Death Benefits

Should you die before your deferred benefits come into payment then a lump sum equal to your deferred lump sum (including pensions increase up to the date of your death) would be payable. You can complete a Death Grant Nomination Form to state who you would like your death grant paid to. The Tyne and Wear Pension Fund will always try to comply with your wishes, but has absolute discretion when making this payment

If you have not completed a Death Grant Nomination Form and would like to do so, the form is available on the Publications section of our website www.twpf.info or by contacting the Pensions Helpline.

In most cases, your husband or wife will receive a long-term pension, and any eligible dependent children would also qualify for a pension.

If you marry after you leave Local Government employment, your spouse's pension may be calculated differently. You should ask the Pensions Office for further details.

If you have a civil partner, a long-term pension may be payable. This will be calculated using your membership from 6 April 1988 only.

Transferring your pension benefits

Staying in the LGPS

If you move to an employer who offers membership of the LGPS, your pension benefits can be transferred to your new employer's LGPS fund. However, if you are moving to a job which is less well paid, you may wish to consider leaving your benefits in your previous employer's fund. You may wish to obtain independent financial advice before making your decision.

It is important to note that your benefits can only be transferred if you elect to do so within the first year of rejoining the LGPS (or longer, at the discretion of your new employer).

Concurrent Employment

If you have concurrent employments within the LGPS and you leave one employment (or more than one, but not all), you can opt to merge your membership with the employment you continue to hold.

Joining a New Employer's Scheme

If you move to an employer who does not offer membership of the LGPS, you may still ask for your benefits to be transferred to your new employer's scheme, provided that the scheme is fully approved by HM Revenue and Customs (HMRC) for this purpose.

It may also be possible to transfer your pension benefits to an overseas pension scheme that meets HMRC conditions.

In order to arrange the transfer you will need to contact your new employer's scheme, which will request details of the transfer value which can be paid from the LGPS. Your new employer's scheme will then be provided with an estimated transfer value, payable from the LGPS. The transfer value is a cash lump sum calculated in accordance with the law as being equal to the current market value of your pension benefits. As the market value of the assets held in the Scheme can go up and down with changes in the investment markets, so will the amount of the transfer value which can be paid. Any quotation given will be guaranteed for three months.

When your new employer's scheme receives the estimate of your transfer value, they should pass this information to you and, at the same time, advise you of the additional benefits which the transfer value will buy in your new pension scheme.

You should find out whether the new scheme is offering you a fixed additional pension or an extra period of scheme membership in exchange for the transfer value.

As you are entitled to deferred benefits in the LGPS, do not forget when comparing your options that these deferred benefits are increased in line with the rise, if any, in the Consumer Prices Index both before and after they start to be paid.

NEVER COMMIT YOURSELF TO TAKE A TRANSFER VALUE UNTIL YOU HAVE MADE THIS COMPARISON. YOU MAY WISH TO OBTAIN INDEPENDANT FINANCIAL ADVICE BEFORE MAKING YOUR DECISION.

Personal Pension Arrangements

You can use your transfer value to buy an appropriate individual policy with an insurance company which is approved for this purpose, a personal pension, or a stakeholder pension scheme. This option is available to you at any time up to one year before normal retirement date.

The benefits you get will depend very much on the policy and the company you choose.

In considering this option, please bear in mind that any payment to an insurance company is likely to be subject to deductions, for example, commission, administration costs and profit, which do not arise in the LGPS.

When comparing benefits from an individual policy with your LGPS deferred benefits, remember that your deferred benefits are increased in line with the rise, if any, in the Consumer Prices Index both before and after they start to be paid. If in due course you decide to take out an individual policy then the choice of insurance company is entirely yours.

NEVER COMMIT YOURSELF TO A TRANSFER TO AN INSURANCE COMPANY UNLESS YOU ARE FULLY SATISFIED THAT IT IS THE RIGHT OPTION TO TAKE. YOU MAY WISH TO TAKE INDEPENDANT FINANCIAL ADVICE BEFORE MAKING YOUR DECISION.

If you are transferring from the LGPS (where benefits are termed 'safeguarded benefits') to an arrangement which is termed as offering 'flexible benefits' (i.e. those benefits which are part of a defined contribution scheme which are flexible) then you **must** take appropriate independent financial advice before transferring. This is a legal requirement if the cash equivalent transfer value of all your benefits in the LGPS (excluding any Additional Voluntary Contributions (AVCs)) is more than £30,000. If the cash equivalent transfer value of all your benefits in the LGPS (excluding any Additional Voluntary Contributions (AVCs)) is £30,000 or less you are not legally required to take advice. However, transferring your pension rights is not always an easy decision to make and seeking 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) could help you in making an appropriate decision given your decision could significantly affect your future pension benefits.

If the cash equivalent transfer value of all your benefits in the LGPS (excluding any Additional Voluntary Contributions (AVCs)) is more than £30,000, the Pensions Office will check that you have received appropriate independent financial advice before your transfer can proceed and relevant documentation to evidence this will be required. The Pensions Office will provide you with more details if you request a transfer quotation.

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.

Please refer to our website for the Action Fraud and Associated Organisations leaflet "**Scamproof Your Savings**" for further information.

Opting out of the Scheme

If you have opted out of the Scheme without leaving your current job, you will still be entitled to the options described in this booklet, but there may be some restrictions concerning transferring your pension benefits.

Disclaimer

The information in this leaflet applies to individuals who were contributing members of the Local Government Pension Scheme and left before 1 April 2008. This leaflet is for employees in England and Wales and reflects the provisions of the LGPS and overriding legislation at the time of publication.

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

Civil Partnership

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

Eligible children

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 dependent 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.

For members who left the Scheme before 1 April 1998, the child must have been born before or within a year of your date of leaving the Scheme. For those who left on or after 1 April 1998, the child must have been born before or within a year of your death.

Final Pay

This is the figure used to calculate most of your pension benefits and is normally your pay in the last year before leaving, or one of the previous two years' pay if that amount is higher. For a part-time employee, the figure used is normally the pay you would have received if you had worked whole time.

If your pay is reduced because of sickness, the final pay is taken to be the pay you would have received if you had not been sick. During any period of maternity, paternity or adoption leave in respect of which you pay (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.

Membership

The number of years and days you have been a member of the LGPS, plus any membership credited to you on transfer from a different scheme. It also includes any extra period of membership bought with additional contributions. For part time employees, it means the appropriate proportion of full-time membership.

Normal Retirement Date

This is your 65th birthday.

The 85 Year Rule

This applies only to members joining the LGPS before 1 October 2006.

If your benefits are brought into payment before the age of 65, your pension and lump sum may be reduced if your age plus your potential membership to the date that payment is due does not equal 85.

This reduction does not apply if your benefits are brought into payment on the grounds of permanent ill health.

Pensions Increase

It is important to note that your deferred pension and lump sum are fully inflation proofed. Your benefits will be reviewed in April each year to take account of any change in the Consumer Prices Index (CPI) since the date you left employment. Also, your pension, when in payment, will continue to be reviewed each April in line with any change in the CPI which measures the cost of living.

If your deferred benefits are brought into payment before age 55 on grounds other than ill health, inflation proofing will normally come into effect at age 55.

How to Contact Us

When contacting the Pensions Office, you will need to provide three forms of identification before we can give you any personal details.

Pensions Helpline

Telephone - 0191 424 4141

Outside of office hours and during busy times, you can leave us a message and a convenient day time telephone number and we will contact you. We aim to call you back within five working hours. We will not be able to provide information to anyone else on your behalf unless you are present during the call and authorise us to do so.

Postal Address

Tyne and Wear Pension Fund
PO Box 212
South Shields
NE33 9ER

Email

pensions@twpf.info

Please do not send personal details by email, as we are unable to accept them.

Walk In Service

The Pensions Office
South Tyneside Council
Town Hall and Civic Offices
Westoe Road
South Shields
Tyne and Wear
NE33 2RL

You can visit us at our offices from 8.30am to 4.30pm Monday to Thursday and 8.30am to 4.00pm on a Friday. An appointment is not required but we ask that you allow sufficient time to visit us before we close. If using a sat nav to find us, please use the post code NE33 2RL.

Office Hours

Monday to Thursday 8.30am to 5.00pm
Friday 8.30am to 4.30pm

Our information is available in other ways on request.

Privacy Notices – How we use Your Personal Information

The Tyne and Wear Pension Fund is part of South Tyneside Council which holds information about you that is used for pension processing. Your information is treated as confidential; however, it may be shared with other organisations for the calculation of benefits and if we are required to by law for the detection and, prevention of fraud.

If you would like to know more about the information we hold about you, and the way we use it please contact **The Pensions Helpline** on **0191 424 4141**, write to the Pensions Office, Town Hall and Civic Offices, Westoe Road, South Shields, Tyne and Wear, NE33 2RL or view the **Privacy Notices** section of our website at www.twpf.info