Contribution Flexibility

In this section we explain how as a member of the Local Government Pension Scheme (LGPS) you have:

- **the option to pay less contributions in return for less pension and,**
- **the option to pay extra contributions to increase your pension benefits.**

Some Terms We Use
Where pension terms are used in this booklet, they appear in ***bold italic*** type. For further information please refer to the publication **Some Terms We Use** on the website www.twpf.info.

Flexibility to pay less

When you are a member of the LGPS there may be times when you are in difficult financial circumstances and consider opting out of the scheme to save money.

The LGPS offers you the flexibility to stay in the scheme at such times and continue to build up valuable pension benefits. You can elect to pay half your normal contributions and build up half your normal pension. This is known as the 50/50 section of the LGPS.

In the LGPS there are two sections of the scheme, the main section and the 50/50 section. When you join the scheme you will automatically be placed in the main section where you pay normal pension contributions in return for normal pension build up.

Once you are a member of the scheme you will be able to elect in writing to move to the 50/50 section if you wish. Once you make an election you will start paying half your normal contributions from your next available pay period.

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Contribution Flexibility

Contribution table 2018/19			
Band	**If your actual pensionable pay is:**	**You pay a contribution rate of:**	
		Main section	**50/50 section**
1	Up to £14,100	5.5%	2.75%
2	£14,101 to £22,000	5.8%	2.9%
3	£22,001 to £35,700	6.5%	3.25%
4	£35,701 to £45,200	6.8%	3.4%
5	£45,201 to £63,100	8.5%	4.25%
6	£63,101 to £89,400	9.9%	4.95%
7	£89,401 to £105,200	10.5%	5.25%
8	£105,201 to £157,800	11.4%	5.7%
9	£157,801 or more	12.5%	6.25%

Who can elect for 50/50?

As a member of the LGPS you can elect to pay into the 50/50 section at any time. An election to join this section must be made in writing to your employer. There is no limit to the number of times you can elect to move between the main and the 50/50 section, and vice versa. Your election once received by your employer takes effect from your next available pay period.

What does my election for 50/50 need to include?

You need to make a written election to your employer to move to the 50/50 section of the LGPS. This can be in the form of a letter or a completed 50/50 election form. A 50/50 election form (if not included with this booklet) is available from your employer or the Pension Fund website at www.twpf.info If you have more than one job in which you contribute to the scheme you must specify in which of the jobs you wish to be moved to the 50/50 section.

When you make an election for the 50/50 section your employer must provide you with information on the effect this will have on your benefits in the scheme.

What happens to life cover and ill health cover if I am in the 50/50 section?

In the 50/50 section you build up half your normal pension because you are paying half your normal contributions. However, if you were to die in service the lump sum death grant and any survivor pensions would be worked out as if you were in the main section of the scheme.

If you are awarded a Tier 1 or Tier 2 ill-health pension whilst in the 50/50 section the amount of any ill-health enhancement added to your pension is worked out as if you were in the main section of the scheme.

How long can I remain in the 50/50 section?

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 approximately three years after they have reached their staging date for automatic enrolment purposes under the Pensions Act 2008 (and approximately every three years thereafter). Your employer will tell you when this is if you're in the 50/50 section of the scheme. If you wish to continue in the 50/50 section at that point you would need to make another election in writing to remain in that section of the scheme.

If you are in the 50/50 section and move onto a period of no pay due to sickness or injury or no pay during a period of ordinary maternity leave, ordinary adoption leave or paternity leave then you will be moved back into the main section of the scheme from your next pay period if you are still not in receipt of pay at that time.

If you are in the 50/50 section you can choose to revert back to the main section of the scheme at any time by informing your employer in writing. This can be in the form of a letter or a completed election form to rejoin the main section. An election form to rejoin the main section is available from your employer or from the Pension Fund website at www.twpf.info If you have more than one job in which you contribute to the 50/50 section you must specify in which of the jobs you wish to be moved back to the main section. You will then start to build up full benefits in the main section from the next available pay period after your employer receives your election.

What does my employer pay if I'm in the 50/50 section?

Your employer continues to pay their normal contribution rate (not half their rate) when you are in the 50/50 section of the scheme.

What if I'm currently paying extra contributions or might wish to do so in the future - is this possible when in the 50/50 section?

As the 50/50 section is considered a short term option for use in times of financial difficulty it's not expected that you will remain in the section for a long period of time. The rules of the scheme do not therefore permit you to pay additional contributions in certain circumstances when you are in the 50/50 section. The effect on additional contribution options are detailed below:

Contribution Flexibility

Type of Contract	Effect of being in the 50/50 section
• Additional Pension Contribution (APC) Contract (full cost to you to buy **extra** pension) • Shared Cost Additional Pension Contribution Contract (SCAPC) (cost shared between you and your employer to buy **extra** pension)	Existing Contracts - Must Cease
• Additional Voluntary Contributions (AVC) • Shared Cost Additional Voluntary Contributions (SCAVC) • Additional Pension Contribution (APC) Contract (full cost to you to buy **lost** pension because of a trade dispute or unpaid authorised leave of absence) • Shared Cost Additional Pension Contribution (SCAPC) Contract (cost shared between you and your employer to buy **lost** pension due to unpaid authorised leave of absence or unpaid additional maternity or adoption leave or unpaid shared parental leave)	Existing Contracts - Can Continue (at the same rate as before you elected for the 50/50 option)
• Additional Pension Contribution (APC) Contract (full cost to you to buy **extra** pension) • Shared Cost Additional Pension Contribution Contract (SCAPC) (cost shared between you and your employer to buy **extra** pension)	New Contracts - Not Permitted
• Additional Voluntary Contributions (AVC) • Shared Cost Additional Voluntary Contributions (SCAVC) • Additional Pension Contribution (APC) Contract (full cost to you to buy **lost** pension because of a trade dispute or unpaid	New Contracts - Permitted

Type of Contract	Effect of being in the 50/50 section
authorised leave of absence) • Shared Cost Additional Pension Contribution Contract (SCAPC) (cost shared between you and your employer to buy **lost** pension due to unpaid authorised leave of absence or unpaid additional maternity or adoption leave or unpaid shared parental leave)	
• Added years contract	Existing Contracts - Can Continue (at the same rate as before you elected for the 50/50 option) Note that these contracts only apply to scheme members who took out such contracts before 1 April 2008.
• Additional Regular Contributions (ARC) contract • Additional Survivor Benefit Contributions (ASBC) contract	Existing Contracts - Can Continue (at the same rate as before you elected for the 50/50 option) Note that these contracts only apply to scheme members who took out such contracts before 1 April 2014.
• Part-time buy-back contract	Existing Contracts - Can Continue (at the same rate as before you elected for the 50/50 option).
• Part-time buy-back contract	New Contracts - Permitted

Flexibility to pay more

Most of us look forward to a happy and comfortable retirement and in order to have that little bit extra during your retirement years you may wish to consider paying extra contributions, which are a tax efficient way of topping up your income when you retire.

There are a number of ways you can provide extra benefits, on top of the benefits you are already looking forward to as a member of the LGPS.

Contribution Flexibility

You can improve your retirement benefits by paying:

- Additional Pension Contributions (APCs) to buy **extra** LGPS pension (but not if you are in the 50/50 section)
- ***Additional Voluntary Contributions (AVCs)*** arranged through the LGPS (in-house AVCs)
- Free Standing ***Additional Voluntary Contributions*** (FSAVCs) to a scheme of your choice
- Contributions into a stakeholder or personal pension plan

You can combine any of these options.

Are there any limits on how much I can pay to increase my pension benefits?
There is no overall limit on the amount of contributions you can pay (although there is a limit on the extra scheme pension you can buy). However, tax relief will only be given on contributions up to 100% of your UK taxable earnings (or, if greater, £3,600 to a "tax relief at source" arrangement, such as a personal pension or stakeholder pension scheme).

Additionally, under HM Revenue and Customs tax rules there are controls on the pension savings you can have before you become subject to a tax charge – most people will not be affected by these controls. These controls, and the potential effect of paying extra contributions if you have lifetime allowance enhanced protection, fixed protection, or fixed protection 2014 or fixed protection 2016 are explained in more detail later under the heading **Do the tax rules on pension savings limit the extra I can pay?**.

The options explained:

Paying Additional Pension Contributions (APCs) to buy extra LGPS pension

If you are in the main section of the scheme you can pay more in contributions to buy up to £6,822 of **extra** pension, or to purchase pension lost during certain periods of leave of absence on no pay or periods on no pay due to a trade dispute. This booklet explains the facility to purchase **extra** pension – see the booklet **Leave of Absence and the LGPS** for information on purchasing **lost** pension.

Any **extra** pension you purchase is payable each year in retirement and is payable on top of your normal LGPS benefits. You can pay for this **extra** pension either regularly from your pay or via a lump sum. Where your employer also chooses to contribute to the APC arrangement, this is known as Shared Cost Additional Pension Contribution (SCAPC) arrangement. If you are in the 50/50 section of the scheme you cannot commence an APC or SCAPC to buy **extra** pension. If you have an existing APC or SCAPC contract to buy **extra** pension and elect for the 50/50 section the contract must cease.

- **Paying Regular Contributions**

You can choose to buy **extra** pension by spreading payment of the Additional Pension Contributions (APCs) over a number of complete years (unless your Pension Fund administrator determines that it would not be practicable to allow APCs to be paid by regular contributions, in which case payment could be made by a lump sum). Any extra regular contributions would be taken from your pay, just like your basic contributions. Your LGPS contributions and APCs are deducted before your tax is worked out, so, if you pay tax, you receive tax relief automatically through the payroll. You qualify for tax relief (normally at your highest rate) on all pension contributions up to 100% of your taxable earnings, including your normal contributions.

The minimum period of time you can spread payment of APCs over is 12 months and the maximum period is the number of years to your ***Normal Pension Age***. The latest you can take out such an APC contract is 1 year before your ***Normal Pension Age***.

At the end of every ***scheme year*** the proportion of extra pension that you have paid for in that year is added to your ***pension account***.

You can choose to stop paying APCs at any time by notifying your Pension Fund in writing. You will be credited with the extra pension that you have paid for at the time of ceasing payment.

- **Paying by Lump Sum**

As an alternative to paying Additional Pension Contributions (APCs) over a period of time you can choose to buy **extra** pension by paying a one-off lump sum either via your pay or directly to your Pension Fund. If you choose to make payment directly to the Pension Fund you will need to arrange tax relief directly with HMRC as the contributions are not being deducted from your pay.

You can choose to make a lump sum payment to buy **extra** pension through an APC at any time whilst you are contributing to the main section of the scheme.

The amount of **extra** pension you purchase is added to your ***pension account*** in the ***scheme year*** in which payment is made.

- **General Additional Pension Contributions information**

The cost to you of buying **extra** pension is calculated in accordance with guidance issued by the Secretary of State for the Department for Communities and Local Government which can be reviewed at any time. The

extra pension you are buying will increase in line with the cost of living, both before and after you draw your pension.

If you have more than one job in which you are a member of the scheme you would have to specify which job's ***pension account*** any **extra** pension you are buying is to be credited to. If you wish to pay Additional Pension Contributions for each job, you would have to make a separate election for each job.

The cost of any **extra** pension you buy is paid for by you unless your employer chooses to pay some or all of the cost of the APC. This is an employer ***discretion***. You can ask your employer what their policy is on this.

If you wish to buy **extra** pension and you already have an existing APC arrangement or, before 1 April 2014, you elected to buy additional pension under an Additional Regular Contribution (ARC) arrangement, the amount of additional pension from these existing arrangements will be taken into account when determining the maximum **extra** pension you can buy within the £6,822 limit.

Any **extra** pension you purchase will be paid at the same time as your main LGPS benefits.

If you choose to retire early and draw your benefits before your ***Normal Pension Age***, or you are retired on redundancy or business efficiency grounds before your ***Normal Pension Age***, the **extra** pension you have bought will be reduced for early payment.

If you draw your benefits on flexible retirement, you can, if you wish, draw all the extra pension you have paid for too, although it will be reduced for early payment. If you do so, your APC contract will cease (if you are still paying these extra contributions when you draw your benefits), although you will be able to take out a new APC contract (provided you are at least one year before your ***Normal Pension Age*** if you want to pay the APCs by regular contributions).

If you are awarded (by your employer) an enhanced ill-health pension (either Tier 1 or Tier 2) then the remaining amount of any APC or SCAPC contract you are paying at that time is deemed to have been paid in full and is credited to your ***pension account*** in the ***scheme year*** your pension is paid.

If you draw your pension after your ***Normal Pension Age***, the amount of any **extra** pension you have bought will be increased as its being paid later.

On retirement, you can choose to exchange some of the **extra** pension you have bought for a tax-free cash lump sum in the same way as your main

LGPS pension. For more information on exchanging part of your pension for a lump sum see the booklet on **Your Pension**.

If you die in service then no extra benefits from your APC contract will be payable. This is because the amount of **extra** pension you purchase is for you only.

If you die after leaving but before retirement and your benefits are held in the LGPS for payment (deferred benefits), then a lump sum of 5 times the **extra** annual pension you paid for will be payable.

If you die after starting to draw your pension and you are under age 75 at the date of death, a lump sum of 10 times your **extra** annual pension minus any **extra** pension already paid to you may be payable.

You can obtain a quote and print off an application form to buy **extra** pension at www.lgpsmember.org. You can also contact the Pensions Helpline for further information on paying Additional Pension Contributions.

You may be required to undergo a medical examination at your own expense before being allowed to buy **extra** pension.

Paying *Additional Voluntary Contributions* (AVC) arranged through the LGPS (in-house AVCs)

All local government pension funds have an AVC arrangement in which you can invest money, deducted directly from your pay, through an AVC provider (often an insurance company or building society). If you choose to pay AVCs under the LGPS, the AVCs are invested separately in funds managed by the AVC provider. You have your own personal account that, over time, builds up with your contributions and the returns on your investment, and will be available to you when you retire. You can often choose which investment route you prefer.

You can elect to pay an AVC if you are in either the main or 50/50 section of the scheme.

You decide how much you can afford to pay. You can pay up to 100% of your ***pensionable pay*** into an in-house AVC in each job where you pay into the LGPS.

Your employer can also pay towards your AVC. This is known as a Shared Cost AVC. This is an employer ***discretion***.

AVCs are deducted from your pay, just like your normal contributions. Your LGPS and AVC contributions are deducted before your tax is worked out, so, if you pay tax, you receive tax relief automatically through the payroll. You qualify for tax relief (normally at your highest rate) on all pension contributions up to 100% of your taxable earnings, including your normal contributions.

Deductions start from the next available pay period after your election has been accepted and you may vary or cease payment at any time whilst you are paying into the LGPS.

You can also pay in-house AVCs to provide extra life cover. Your membership of the LGPS already gives you cover of three times your ***assumed pensionable pay*** if you die in service, but you can pay AVCs to increase this and / or, if the AVC arrangement your pension fund administering authority has set up includes this facility, to provide additional benefits for your dependants in the event of your death in service. This may be subject to satisfactory completion of a medical questionnaire. Any extra life cover paid for through AVCs will stop when you retire or leave.

Here are the different ways you may be able to use your in-house AVC Fund on retirement:

- **Buy one or more annuities**

  This is where an insurance company, bank or building society of your choice takes your AVC Fund and pays you a pension in return.

  You would buy an annuity at the same time as you take your LGPS benefits.

  An annuity is paid completely separately from your LGPS benefits.

  The amount of annuity depends on several factors, such as interest rates and your age. You also have some choice over the type of annuity, for example whether you want a flat-rate pension or one that increases each year, and whether you also want to provide for dependants' benefits in the event of your death.

  Annuities are subject to annuity rates which in turn are affected by interest rates.

  When interest rates rise, the organisation selling annuities is able to obtain a greater income from each pound in your AVC fund, and therefore can provide a higher pension. A fall in interest rates reduces the pension which can be purchased.

- **Buy a Top-up LGPS Pension**

  When you take your LGPS benefits you can use some or all of your AVC fund to buy a top-up pension from the LGPS. This automatically provides an inflation-proofed pension and can also provide dependants' benefits. The amount of pension you receive is based on set factors which vary from time to time.

- **Take your AVCs as cash**

  You can take some or all of your AVC fund as a tax-free cash lump sum[1] but you can only take it all as a lump sum if you take it at the same time as your main LGPS benefits and provided, when added to your LGPS lump sum, it does not exceed 25% of the overall value of your LGPS benefits (including your AVC fund).

- **Buy extra membership in the LGPS**

  If your election to start paying AVCs was made before 13 November 2001 you may be able in certain circumstances (such as flexible retirement, retirement on ill health grounds, or on ceasing payment of your AVCs before retirement) to convert your AVC fund into extra LGPS membership in order to increase your LGPS benefits. To find out how benefits are calculated on this membership see the booklet **If you joined the LGPS Before 1 April 2014**.

- **Transfer your AVC fund to another pension scheme or arrangement**

  You can transfer your AVC fund to another pension scheme or arrangement, including to a scheme that offers flexible benefits, independently of your main scheme benefits; and provided you have stopped paying AVCs, you can even transfer your AVC fund even if you continue to contribute to the LGPS.

  If you were to transfer your AVC funds to a defined contribution scheme the four main flexible benefit options that the scheme might offer (from age 55) include:

  - to purchase an annuity (yearly pension) or scheme pension
  - taking a number of cash sums at different stages
  - taking the entire pot as cash in one go
  - flexi access drawdown – using your pension pot to provide a flexible income. You are normally allowed to take a tax-free lump sum of up to 25% then set aside the rest to provide taxable lump sums as and when, or a regular taxable income.

  You should be aware that there may be tax implications associated with accessing flexible benefits. The income from a pension is taxable; the rate of tax you would pay depends on the amount of income that you receive from a pension and from other sources.

  Pension guidance is available from the Government's guidance website Pension Wise if you are considering taking flexible benefits. The guidance is free and impartial and can be accessed on the internet, by phone, or face to face. For

[1] Provided the lump sum does not exceed £257,500 (2018/19 figure) or if you have previously taken payment of (crystallised) pension benefits, 25% of your remaining lifetime allowance.

more information see www.pensionwise.gov.uk

If you are considering taking flexible benefits you should consider accessing this pension guidance and taking independent advice to help you decide which option is most suitable for you.

Please note, Pension Wise does not provide guidance about taking benefits from a defined benefit scheme such as the LGPS.

An exit charge may apply if you take any of these options within three years of the date your AVC contract started. Please contact the Pensions Office for further information.

If you draw benefits on flexible retirement and your AVC contract started on or after 13 November 2001 you can choose to take all of your AVC fund at the time you take your flexible retirement benefits, and, if you wish, continue paying AVCs. If your AVC contract started before 13 November 2001 your AVC contract will cease and you will have to use all of your AVC fund in one of the above ways at the time you draw your flexible retirement benefits.

If you leave before retirement, your contributions will cease when you leave. 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 or drawn at the same time as your LGPS benefits.

Payments into in-house AVCs will stop when you leave or retire.

You can also contact your Pension Fund administrator for further information on paying AVCs.

Paying Free Standing *Additional Voluntary Contributions* (FSAVCs)

These are similar to in-house AVCs but are not linked to the LGPS in any way. With FSAVCs, you choose a provider, usually an insurance company. You may want to consider their different charges, alternative investments and past performance when you do this.

You choose how much to pay into an FSAVC arrangement. You can pay up to 100% of your UK taxable earnings, less your normal pension contributions.

Your FSAVC fund should grow as it is invested and will be available later in your life to convert into an additional pension of your choice. You can often choose which investment route you prefer.

You can take up to 25%[2] of the value of your FSAVC fund as a tax-free lump sum[3].

You can also pay FSAVCs to provide additional life cover. Your LGPS membership already gives you cover of three times your ***assumed pensionable pay*** if you die in service, but you can increase this amount via an FSAVC or use the FSAVC to provide additional dependants benefits on your death in service. This may be subject to satisfactory completion of a medical questionnaire.

Contribute to a concurrent personal pension plan or stakeholder pension scheme

You may be able to make your own arrangements to pay into a personal pension plan or stakeholder pension scheme at the same time as paying into the LGPS. With these arrangements, you choose a provider, usually an insurance company. You may want to consider their charges, alternative investments and past performance when you do this.

You choose how much to pay into the arrangement. You can pay up to 100% of your total UK taxable earnings in any one tax year into any number of concurrent pension arrangements of your choice (or, if greater, £3,600 to a "tax relief at source" arrangement, such as a personal pension or stakeholder pension scheme) and be eligible for tax relief on those contributions.

If you pay into a personal pension plan or stakeholder pension scheme, the contributions you make to it are invested in funds managed by an insurance company. You have your own personal account that, over time, builds up with your contributions and the returns on your investment, and will be available later in your life to convert into additional benefits. You can often choose which investment route you prefer.

When the benefits are paid, you will be able to take up to 25% of your Fund as a tax-free lump sum[4], with the remainder available for use to buy an annuity from an insurance company, bank or building society or, if the personal pension or stakeholder provider offers the option, to take as a taxable lump sum or to use for flexi access drawdown.

For more information on the variety of options available when drawing benefits from a personal pension plan or a stakeholder pension scheme see the Government's guidance website www.pensionwise.gov.uk. This website provides guidance on

[2] From April 2015 you can take the remainder of your FSAVC as a lump sum (subject to your marginal tax rate) provided the FSAVC provider allows this option.
[3] Provided the lump sum does not exceed £257,500 (2018/19 figure) or if you have previously taken payment of (crystallised) pension benefits, 25% of your remaining lifetime allowance.
[4] Provided the lump sum does not exceed £257,500 (2018/19 figure), or if you have previously taken payment of (crystallised) pension benefits 25% of your remaining lifetime allowance.

drawing flexible benefits only and does not provide information on taking benefits from a defined benefit scheme such as the LGPS.

I am already buying extra LGPS membership and or paying Additional Regular Contributions. Can I buy any extra benefits?

Even if:

- you are buying extra years of LGPS membership (added years) under a contract to do so which you entered into before 1 April 2008, and / or
- you are purchasing additional pension through an Additional Regular Contribution (ARC) contract which you entered into before 1 April 2014

you can still pay Additional Pension Contributions (APCs) to buy extra LGPS pension (APCs) up to a maximum of £6,822 (including any additional pension being bought by ARCs) and / or pay ***Additional Voluntary Contributions (AVCs)***, or Free Standing AVCs (FSAVCs), or contribute to a concurrent personal pension plan or stakeholder pension scheme, if you wish.

Can my employer award me any extra pension benefits?

Your employer, at their ***discretion***, can award additional annual pension up to £6,822. This can be awarded to you if you are an active member or within six months of leaving the scheme if you leave on the grounds of redundancy or business efficiency. You can ask your employer what their policy is on this.

Your employer can also, at their ***discretion***, pay into your AVC scheme arranged through the LGPS (in-house AVCs). This is known as a shared cost AVC arrangement.

What happens if I pay extra and elect for the 50/50 option?

If you move from the main section of the scheme to the 50/50 section the following rules apply:

If you have:

- entered into a contract to buy **extra** pension by making Additional Pension Contributions (APCs) or entered into a Shared Cost APC contract with your employer,

these contracts must cease when you elect to move to the 50/50 section. Also, when you are in the 50/50 section of the scheme, you cannot elect to commence payment of an APC contract, nor can you elect to commence payment of a Shared Cost APC, unless it's to purchase an amount of pension **lost** during certain periods of leave of absence on no pay or periods on no pay due to a trade dispute (see below).

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If you have:

- entered into an APC contract to purchase the amount of **lost** pension due to a trade dispute, or
- entered into a Shared Cost APC to purchase the amount of **lost** pension during a period of unpaid authorised leave of absence or during a period of unpaid additional maternity or adoption leave or unpaid shared parental leave, or
- entered into a contract to buy-back some previous part-time service, or
- prior to 1 April 2014 entered into a contract to buy extra pension (ARCs) or,
- prior to 1 April 2014 entered into a contract to count pre 6 April 1988 membership for a surviving ***eligible cohabiting partner's*** pension, or
- prior to 1 April 2008 entered into a contract to buy extra LGPS membership (added years)

these contracts continue when you elect to move to the 50/50 section and the contributions under the contracts must be paid in full.

If you have:

- entered into an AVC arrangement or a Shared Cost AVC arrangement with your employer,

these continue when you elect to move to the 50/50 section, unless you choose to terminate the contract. You can elect to commence payment of an AVC or Shared Cost AVC when you are in the 50/50 section of the scheme.

In the 50/50 section of the scheme you can commence payment of:

- a Shared Cost APC to purchase the amount of pension **lost** during a period of unpaid authorised leave of absence or during a period of unpaid additional maternity or adoption leave or unpaid shared parental leave or,
- an APC to purchase the amount of pension **lost** during a trade dispute or,
- an AVC or Shared Cost AVC.

What if I'm paying extra and I am absent from work?

The rules that apply if you are paying extra contributions and you are absent from work due to:

- sickness or injury,
- ***relevant child related leave***,
- authorised leave of absence,
- a trade dispute, or
- ***reserve forces service leave***

are covered in the booklet on **Leave of Absence and the LGPS**.

Do the tax rules on pension savings limit the extra I can pay?

There are HM Revenue and Customs controls on the total amount of contributions you can make into all pension arrangements and receive tax relief. There are also controls, known as the lifetime allowance and the annual allowance on all the pension savings you can have before you become subject to a tax charge. Most scheme members' pension savings will be less than these allowances.

You can, if you wish, pay up to 100% of your UK taxable earnings in any tax year into any number of concurrent pension arrangements of your choice (or, if greater, £3,600 to a "tax relief at source" arrangement, such as a personal pension or stakeholder pension scheme) and receive tax relief on the contributions.

The lifetime allowance is the total capital value of all your pension arrangements which you can build up without paying extra tax. If the value of your benefits when you take them (not including any state retirement pension, state pension credit or any spouse's, ***civil partner's***, ***eligible cohabiting partner's*** or dependant's pension you may be entitled to) exceeds your lifetime allowance a tax charge will be made against the excess. The lifetime allowance for 2018/19 is £1,030,000 (unless you have a protected higher lifetime allowance – see the booklet on **Tax Controls and Your LGPS Benefits**).

The annual allowance is the amount your pension savings can increase by in any one year without paying extra tax. Up until 2014/15 the pension saving year in the LGPS ran from 1 April to 31 March. From 6 April 2016, the pension saving year for all pension schemes will be aligned with the tax year – 6 April to 5 April. Special transitional arrangements applied for 2015/16. The annual allowance for 2018/19 is £40,000, unless you are a high earner who is subject to the tapered annual allowance in which case it may be lower – see the booklet on **Tax Controls and Your LGPS Benefits.**

You would only be subject to an annual allowance tax charge if the value of your pension savings for a tax year increases by more than the annual allowance. However, a three year carry forward rule normally allows you to carry forward unused annual allowance from the last three tax years. This means that even if the value of your pension savings increase by more than the annual allowance in a year you may not be liable to the annual allowance tax charge.

Most people will not be affected by the annual allowance tax charge because the value of their pension saving will not increase in a tax year by more than the annual allowance or, if it does, they are likely to have unused allowance from previous tax years that can be carried forward.

If you have applied for lifetime allowance enhanced protection, fixed protection or fixed protection 2014 or fixed protection 2016 from HM Revenue and Customs you will lose that protection if you pay contributions into a money purchase pension arrangement (e.g. pay LGPS in-house AVCs or pay into a stakeholder or personal pension plan). You may not lose this protection if you are paying AVCs at 5 April 2006 purely for extra life cover and the terms of the policy have not varied significantly since then.

You can find out more about HM Revenue and Customs controls on your pension savings from the booklet on **Tax Controls and Your LGPS Benefits**.

More information

For more information or if you have a problem or question about your LGPS benefits, please contact the Pensions Office. Contact details can be found at the back of this booklet.

The national web site for members of the LGPS can be found at www.lgpsmember.org

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 booklet **Help with Pension Problems**.

How to Contact Us

mypension Online Member Service

You can access your pension record online, securely change your personal details and raise a query with the Fund by registering for a **mypension** account.

Please register or login to use this service at:
http://www.twpf.info/mypension

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

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.

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

Postal Address
Pensions Office
PO Box 212
South Shields
NE33 9ER

Full Address for recorded delivery
Pensions Office
Town hall and Civic Offices
Westoe Road
South Shields
NE33 2RL

Our information is available in other ways on request. Please let us know if we can help in any way.

Privacy Notices – How we use Your Personal Information
South Tyneside Council holds information for the Tyne and Wear Pension Fund and Northumberland County Council Pension Fund about you that is used for pension processing. Your information is treated as confidential; however, it may be shared with other organisations for the processing of benefits and, if we are required by law, for the detection and prevention of fraud.

If you would like to know more about what information we hold about you, or the way we use it please contact **the Pensions Helpline** on **0191 424 4141**, write to the Pensions Office, PO Box 212, South Shields, NE33 9ER or view the website at www.twpf.info/article/28815/Privacy-Notices