



Reduction In Pay – Are My Benefits Affected?

Your Local Government Retirement Benefits

The two main factors used to calculate your Local Government Pension Scheme (LGPS) benefits, are your Scheme membership and your final pay.

In this leaflet we look at how changes in your pay can affect your LGPS benefits.

Final Pay

This is usually the pay in respect of the final year¹ of Scheme membership on which you paid contributions, or one of the previous 2 years if this is higher, and includes your:

- normal pay
- contractual shift allowance
- bonus
- contractual overtime
- maternity pay, paternity pay, adoption pay, and
- any other taxable benefit specified in your contract as being pensionable.

This may not include all your pay. We don't include such things as car allowances², casual overtime, travelling or subsistence allowances, pay in lieu of notice or pay in lieu of loss of holidays.

If you are working part-time when you leave the LGPS, or worked part-time at some point during your last year of membership, your final pay is the whole-time pay that you would have received, if you had worked whole time.

Reduction In Pay

- **If your pay is reduced in this period because of sickness**, your final pay will be the pay that you would have received if you had not been off sick.
- **If you have maternity, paternity or adoption leave** in this period for which you paid (or are deemed to have paid) pension contributions, final pay includes the pay you would have received had you not been on maternity, paternity or adoption leave. Please see the leaflet "Leave of Absence" for further information on maternity, paternity, and adoption leave.
- **If you downgrade or move to a job with less responsibility** with your employer in your last 10 years of Scheme membership, you have the option to have your final pay calculated as the average of any 3 consecutive years in the last 10 years (ending on a 31 March).

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

² Other than in some historical protected cases.

Reduction In Pay Before April 2008

If your pay was reduced or restricted for reasons beyond your control before 1 April 2008 and you were issued with a certificate of protection from your employer and you leave the LGPS within 10 years of the reduction or restriction in your pay, then we will work out your final pay as the best year's pay in the last 5 years, or the average of the best consecutive 3 years in the last 13 years after allowing for inflation.

Further Information

For more information on the LGPS, you can:

- go to our website at www.twpf.info
- go to the LGPS website at www.lgps.org.uk
- call our Pensions Helpline on 0191 4244141 or 0845 6254141
- e-mail us at pensions@twpf.info
- visit us at The Pensions Office, Civic Centre, Campbell Park Road, Hebburn, Tyne and Wear, NE31 2SW

Please quote your National Insurance Number and your Scheme membership number, so we can trace your records quickly.