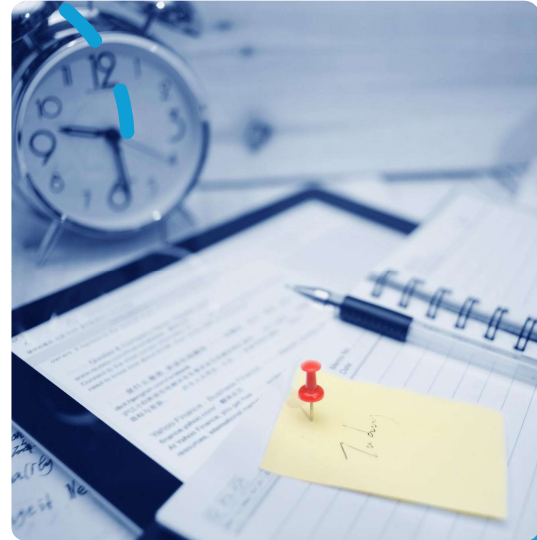


This session provides an overview of the Local Government Pension Scheme (LGPS), outlining its purpose, how it works, and the benefits offered to members. It aims to inform you about the scheme and why it is a valuable choice for you to help you save for your retirement.

## Discussion Points

- Overview of the Local Government Pension Scheme (LGPS)
- How the LGPS Works
- Key Benefits of Joining the LGPS
- Why You Should Consider Joining the LGPS



We will start with an overview of the LGPS, including its purpose, who can join, and how it is managed. Then, we will discuss how the scheme works, covering contributions and retirement options. Next, we'll look at the key benefits of joining the LGPS. Finally, we'll discuss why you should consider becoming a member.

# Overview of the Local Government Pension Scheme (LGPS)

The LGPS is a defined benefit pension scheme designed to provide retirement income for local government employees. We will next discuss its origins, eligibility criteria, and structure.

# Purpose and history of the LGPS

## Purpose of the LGPS

The LGPS is a public sector pension scheme in the UK. It provides a secure pension scheme tailored for local government employees to ensure financial stability after retirement.

## Historical Adaptation

The LGPS has evolved over time to meet changes in employment and economic conditions, maintaining fairness for its members.

Last significant change took place in 2014 when the scheme transitioned from a final salary to career average.



The LGPS is a public sector pension scheme and was established to provide a secure pension for local government workers. It has a long history of adapting to changing employment landscapes, ensuring members receive fair and consistent benefits. The last significant change took place in 2014 when the scheme changed from a final salary to career average scheme.

## Who can join the scheme

### Eligible Employees

Employees of local authorities and selected employers are eligible to join the LGPS.

### Employment Types Included

The scheme includes full-time, part-time, and certain casual staff members.

### Broad Scheme Access

LGPS ensures broad access to pension benefits for many eligible workers.



Generally, employees of local authorities and certain other employers who have been admitted to the scheme can join the LGPS. This includes full-time, part-time, and some casual staff, ensuring broad access to pension benefits.

## How the LGPS is managed

### Local Administering Authorities

Local administering authorities are responsible for managing the LGPS and ensuring oversight of the scheme's funds.

### Regional Pension Funds

Regional pension funds administer the scheme on behalf of the local administering authorities

### Responsible Investment

The scheme's funds are invested responsibly to maintain long-term sustainability for pension payments.

### Pension Provision

The LGPS provides pensions to members upon retirement, ensuring financial security in retirement.



The LGPS is a national public service pension scheme. Local administering authorities through operation of a local pension board helps to ensure the pension fund complies with the LGPS rules, overriding pensions legislation and guidance from the Pensions Regulator. A Pension Committee alongside the Local Pension Board also ensure oversight for the scheme funds to ensure responsible management.

Regional Pension Funds across the country administer the scheme locally on behalf of the administering authorities and in this area the Greater Gwent (Torfaen) Pension Fund does this. The pension fund has a published investment strategy and responsible investment policy to ensure that the schemes funds are invested responsibly to maintain the long term sustainability of the scheme for members.

The LGPS provides pensions to members on retirement to ensure they have financial security in retirement.

# How the LGPS Works

Understanding how the LGPS works is important to help members understand the benefits it offers. We will next cover contributions, pension build up rates, and retirement options.

## Contributions from employees and employers

### Employee Contributions

Employees contribute a part of their salary to the LGPS to support their future pension benefits.

### Employer Contributions

Employers make payments to fund member benefits, supporting the pension scheme financially.

### Not stock Market Returns

LGPS is not reliant on stock market returns for financial stability. Members benefits are guaranteed under the scheme rules.

### 50/50 Section

Pay half the usual contribution rate but still receive the same life and ill health cover.

Pensionable pay	Contribution rate
Up to £17,800	5.5%
£17,801 - £28,000	5.8%
£28,001 - £45,600	6.5%
£45,601 - £57,700	6.8%
£57,701 - £81,000	8.5%
£81,001 - £114,800	9.9%
£114,801 - £135,300	10.5%
£135,301 - £203,000	11.4%
£203,001 or more	12.5%



Both employees and employers contribute to the LGPS. Employee contributions are a percentage of their salary between 5.5% and 12.5% determined by which contribution band their salary places them in, while employers also make payments to help fund member benefits. Employer contribution rates are reviewed every three years ensure the Pension Fund can continue to fund member benefits.

The 50/50 section offers members extra flexibility and an option to continue building up pension without opting out of the LGPS completely. Pay half the normal contribution rate to build up a lower pension but still receive the same life and ill health cover. Employers will be required to re-enrol you into the main section every 3 years due to auto enrolment.



## Pension Benefit Build Up Rates and Calculations

### What is a build up rate?

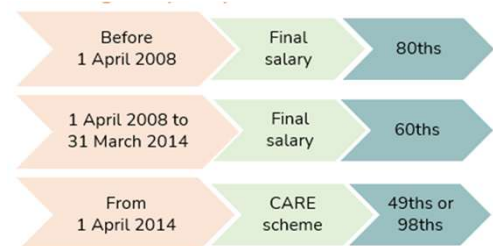
Build up rate determines how pension benefits build up yearly in the LGPS scheme along with your salary.

### Career Average – 1<sup>st</sup> April 2014

Pension benefits worked out by adding 1/49<sup>th</sup> or 1/98<sup>th</sup> of your pay to your pension account every year.

### Final Salary – Prior to 1<sup>st</sup> April 2014

Pension benefits worked out using the pension build up rate, final pay and length of time as a member.



The pension build up rate along with your salary from your job is used to work out the yearly pension added to your LGPS pension account.

Since the 1<sup>st</sup> April 2014 when the LGPS changed to a Career Average scheme an amount equal to 1/49<sup>th</sup> of your pay is added to your pension account every year. If a member is in the 50/50 section this is 1/98<sup>th</sup>. The pension held in the LGPS pension account is revalued at the start of every scheme year in line with the Consumer Price Index (CPI). Normal Pension Age is the same as your State Pension Age.

Prior to 1<sup>st</sup> April 2014 the LGPS was a Final Salary scheme, and pension was worked out when a member stopped paying into the LGPS or retired. The salary for members who worked part time was the same as a member who worked full time, and the same pension build up rate was used. However, members who worked part time built up the days and years for membership at a slower rate. The salary, pension build up rate and length of membership was used to work out the yearly pension.

Membership before 1<sup>st</sup> April 2008 attracted an automatic lump sum of 3 times the yearly pension. Normal Pension Age was 65.

If you have paid into another public service pension scheme previously special

rules apply to pension transfers between these schemes which may offer a protected transfer of your final salary membership built up previously.

## Retirement options and flexibility

### Early and Late Retirement

Members can retire early or late with pension amounts adjusted depending on the timing of payment of their benefits.

### Lump Sum Benefits

Members who were in the scheme before April 2008 have an automatic tax-free lump sum, those who joined after April 2008 have the option to swap part of their pension to create a lump sum



The LGPS offers flexible retirement options, including the ability to take payment of pension early or late, with early or late payment adjustments to pension. Retirement Window between 55 and 75 which is due to change from 2028 to 57-75. Members with their employers permission can also take payment of their pension and continue to work for their employer through flexible retirement. This usually requires a member to reduce their hours, continue at a lower pay grade or a combination of both.

Members with membership before April 2008 have an automatic lump sum as mentioned previously. Members who joined after April 2008 have the ability to swap part of the yearly pension to create a lump sum. This works on a 12:1 basis, for every £1 of annual pension swapped it generates £12 of lump sum. This offers some flexibility on payment of pension.

# Key Benefits of Joining the LGPS

Joining the LGPS offers several important benefits beyond just retirement income. In this section we will highlight the key benefits for members.

## Guaranteed pension income for life

### Guaranteed Pension Income

LGPS ensures when members retire, they receive a steady income for the rest of their life, providing financial security.

### Inflation Protection

Pension income from LGPS is protected against inflation, keeping its purchasing power over time.



One of the main advantages of the LGPS is a guaranteed, inflation-protected income for life, providing financial security in retirement. The LGPS uses the official government measure of inflation called the Consumer Price Index (CPI) to revalue your pension every year during your working life and continuing into retirement.

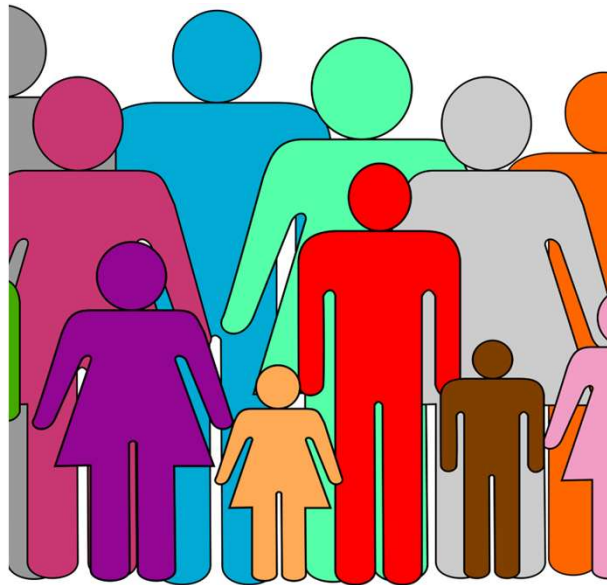
## Protection for your family

### Survivor Pensions

LGPS offers survivor pensions to support your dependants financially after your death, ensuring continuous income.

### Lump Sum Payments

Lump sum payments provide immediate financial assistance to your family, securing their short-term needs.



The LGPS provides benefits for your dependants in the event of your death, including survivor pensions and lump sum payments, helping to secure your family's financial future.

Survivors pensions can be paid to surviving spouses, civil partners or cohabiting partners for life in the event of the death of a member. Childrens pensions can also be paid to dependent children under the age of 18, up to age 23 if in full time education and if a child has a physical or mental impairment subject to an assessment potentially for life.

A lump sum death grant can be paid to whoever you nominate to receive the grant in the event of your death which is an additional benefit to the survivor's pension. If you have not already done so please do make sure you complete an expression of wish for death grant form which can be found on our website under the forms and publications section. The Pension Fund will always try to follow a members wishes in the event of their death and pay the death grant to whoever they have nominated. Keep it up to date as well.

Death In Service – 3 x pay

Deferred – 5 x pension

Pensioner – 10 x pension minus pension already paid (first 10 years only)

## **Additional benefits such as ill-health and death-in-service cover**

### **Ill-Health Retirement Cover**

The scheme provides support through ill-health retirement benefits, ensuring financial security during health challenges.

### **Death-in-Service Cover**

Death-in-service cover offers financial support to your family, providing peace of mind during difficult times.

### **Redundancy Protection**

Members made redundant by their employer at age 55 or over are protected with immediate payment of their pension without any reductions for early payment.



The LGPS includes additional protections such as: -

**Ill Health Retirement Cover** – Provides protection to members when their health becomes too poor to continue to work. It can be awarded to a member at any age and depending on severity of health condition there could be enhancements added to the pension paid.

**Death In Service Cover** – In the event of a members death while actively paying into the scheme a survivor's pensions can be paid to surviving spouses, civil partners or cohabiting partners plus dependent children's pensions to under 18s or under 23s in FTE. The death grant lump sum would be payable to whoever the member had nominated to receive it.

**Redundancy Protection** – If a member loses their job because of redundancy or business efficiency, are age 55 or over and have been paying into the LGPS for at least 2 years they are entitled to immediate payment of their pension without any reductions for early payment. The employer pays the cost of the early retirement reductions that would have applied to the member's pension.



# Why You Should Consider Joining the LGPS

We will now explore why the LGPS remains a highly valuable pension scheme to consider joining, highlighting its advantages over alternatives.

## Financial security in retirement

### **Reliable Income**

LGPS provides a reliable, guaranteed income that supports financial stability during retirement years.

### **Reduced Financial Worries**

Having LGPS income decreases concerns about outliving savings and financial insecurity in retirement.



The LGPS offers a reliable source of income that can help ensure financial security throughout your retirement, reducing worries about outliving your savings if you are paying into a defined contribution scheme and putting yourself in pensioner poverty.

## Value compared to other pension schemes

### **Guaranteed Benefits**

LGPS offers secure retirement benefits that are guaranteed, unlike variable returns in many defined contribution schemes.

### **Employer Contributions**

Employer contributions in LGPS enhance the value and reliability of the pension fund for members.

### **Inflation Protection**

LGPS pensions adjust for inflation, preserving the purchasing power of retirees over time.

### **Ill Health and Life Cover**

LGPS offers protection for those that become too ill to continue working and life cover in the event of your death from day one of being a member.



Compared to many defined contribution schemes, the LGPS typically offers better value due to guaranteed benefits, employer contributions, and inflation protection. DC pension pot is not inflation proofed. The value of pot on retirement is dependent on payments made into the pot and investment returns can go down in value as well as up. The ill health and life cover and redundancy protection may not be included as standard in defined contribution schemes and may be offered at an additional cost to members if it is offered at all.

Employer Contributions can be as little as 3% in DC pension schemes but varies by business sector and employer as to how much exactly, Torfaen currently pay 25.7% to cover the remaining cost of the guaranteed benefits for members under scheme rules.

## Support and resources available to members

### Tailored Support

Members receive personalised assistance to address their unique pension benefit needs effectively.

### Guidance Services

Expert guidance helps members navigate pension options and optimise their benefits over time.

### Resource Accessibility

Members have access to comprehensive resources to improve their pension knowledge and make informed decisions.

National Member Website: [www.lgpsmember.org](http://www.lgpsmember.org)

Pension Fund Website: [www.gwentpensionfund.co.uk](http://www.gwentpensionfund.co.uk)



### Tailored Support

The Fund offers members the ability to book one-to-one appointments with our staff to discuss their pension account and queries, while also offering the ability to chat to us over the phone or by email. We offer separate telephone and email address contacts for our pension payroll, systems and benefits teams.

Contact Us page for our contact details.

### Guidance Services

Our friendly and knowledgeable staff provide members with support to help them navigate their way through their pension journey from joining the scheme to retiring.

### Resource Availability

Pension Fund Website and My Pension Online offer our members a range of information, factsheets and guides on all aspects of the LGPS to improve your understanding about the scheme you pay into. My Pension Online provides you with the opportunity to view and update your own pension account details online.

[www.gwentpensionfund.co.uk](http://www.gwentpensionfund.co.uk)

# My Pension Online

## Accessing Your Pension Online

- To manage your pension online, including viewing your benefits, updating details, you can use the **My Pension Online** portal.

## Contact Details for Support

- If you need help with accessing your pension online account, you can contact our systems team by:
- **Phone:** 01495 766266
- **Email:** [mypensiononline@torfaen.gov.uk](mailto:mypensiononline@torfaen.gov.uk)
- **Website:** [www.gwentpensionfund.co.uk](http://www.gwentpensionfund.co.uk)

My Pension Online is the Fund's online service enabling members to view and update their pension accounts from the comfort of their own home at any time day or night. Through the service members can view their annual benefit statements, Video Annual Benefit Statements, documents sent to them by the Pension Fund, run their own retirement estimates and even use the retirement planner to help make their retirement plans.

If you need any help with accessing or registering for My Pension Online you can speak to or email our pension systems team on:

# Conclusion

## **Strong Pension Scheme**

LGPS provides a strong and reliable pension plan ensuring financial stability for members.

## **Comprehensive Benefits**

Members enjoy extensive benefits including long-term financial support and assistance.

## **Wise Future Decision**

Joining LGPS is a sensible choice to safeguard your financial future and wellbeing and save for your retirement.

The LGPS is a robust and valuable pension scheme offering long-term financial security, comprehensive benefits, and member support. Considering joining the LGPS can be a wise decision for your future and ensure you can enjoy a comfortable and financially secure retirement.

**ANY QUESTIONS?**