

Essex Pension Fund

Local Government Pension Scheme FAQs



The Local Government Pension Scheme (LGPS) is a Defined Benefits pension scheme which means that your pension builds up using a set formula and gives you a safe, secure and guaranteed income from when you retire, for the rest of your life.

What is a CARE pension?

The LGPS is a Career Average Revalued Earnings or CARE scheme. This means that your pension is calculated using a set formula so it builds up in a safe and predictable way, and is not subject to the ups and downs of the stock markets.

Every year 1/49th of your pensionable earnings (salary, overtime and bonuses) is put into your pension account, and this makes up your annual pension when you retire. Every April the whole value is adjusted to account for inflation, so it keeps pace with the cost of living.

How much will I pay?

Your contribution rate depends on how much you are paid, and you can find the current contributions table on the national LGPS website www.lgpsmember.org, and can also use the [Contributions Calculator](#) to find out how much will come out of your pay each month.

How much will my employer pay?

Because the LGPS is a defined benefits scheme the amount of pension that you build up is not linked to the contributions that you and your employer pay into the scheme, instead your pension is calculated using a set formula and is based on how much you are paid.

This means that the amount that your employer pays does not impact on the value of your pension, however as a general rule employers pay two thirds of the scheme costs, and employees pay one third.

Can I pay more?

Yes, you can buy more pension in two different ways. You can increase your LGPS pension by paying Additional Pension Contributions (APCs) or can pay Additional Voluntary Contributions (AVCs) to one of our AVC providers, Prudential and Standard Life, and build up a pot of money which you can then use to enhance your pension benefits when you retire.

For more information visit our website www.essexpensionfund.co.uk or read our [Buying Extra Pension Factsheet](#).



Can I pay less?

Yes, you can switch into the 50/50 scheme and pay half the usual amount in contributions and in turn will build up half the usual amount of pension, but your death in service and ill health retirement benefits will remain at their full value.

You just need to complete a **50/50 Switch Form** which you can find in the **Resources** section of www.essexpensionfund.co.uk and submit it to your employer or payroll department.

Can I transfer in other pensions?

Yes, you can transfer other pensions into the scheme within the first 12 months of joining (or re-joining) the LGPS. You will just need to submit a **Transfer In Request Form** which you can find in the **Resources** section of www.essexpensionfund.co.uk.

We will contact your other pension providers and will ask them for transfer information so we can send you details of what that pension will buy in our scheme. If you decide to go ahead with the transfer, there will then just be a few more forms to fill in.

What happens if I already have a pension with the LGPS?

When you start a new job (even if you stay with the same employer) a new pension will be created for you, but you do have the option to combine your LGPS pensions together.

Your employer should give you an **Employment History Form** to complete when you start work, and you can use this form to tell us about any other LGPS pensions that you have, and we'll be able to tell you about your options for aggregating your pensions into one.

What happens to my pension if I die in service?

Your LGPS pension automatically includes death benefits which are payable to your next of kin and are made up of two parts; a one off tax free lump sum known as a death grant, and dependents pensions which are payable to your spouse, civil partner or eligible cohabiting partner as well as to dependent children up until age 18, or age 23 if they remain in full time education.

The death grant is calculated as 3 times your annual pensionable pay, and you can nominate anyone to receive the death grant by submitting an **Expression of Wish** form which you can find in the **Resources** section of www.essexpensionfund.co.uk.



Can I access my pension record online?

Yes, once your pension record has been set up we will send you details of how you can register for our online pensions portal [Member Online](#).

You can use Member Online to change your name or address, and to update your death grant nominations. You will also find copies of your annual benefit statements here, and once you have been in the scheme for more than a year, you will also be able to use the **Pension Modeller** to get instant pension forecasts.



Can I join if I'm on a fixed term contract?

Yes, but your options for what you can do with your pension when you leave your role will depend on how long your contract ran for and whether you have any other LGPS pensions.

If I leave my job, can I carry on paying into my LGPS pension?

No, the LGPS is an occupational pension scheme, and this means that it is linked to your employment. When you leave your job, your pension will be closed, and you'll have different options for what you can do with your pension depending on your age and how long you've been in the scheme.

Can I take a break from paying into my pension and then re-join later?

Yes, you can opt out of the pension scheme for a while and then re-join when you're ready. However, you will not be able to "buy back" the pension from the period that you weren't in the scheme, and will not be able to join your two pensions together when you opt back in.

What happens to my pension when I leave my job?

It depends on how long you've paid into the scheme for and whether you've reached retirement age yet. If you've been in the scheme for less than 2 years, then you can usually choose between claiming a refund of your contributions or transferring your pension to another provider.

If you've been in the LGPS for more than 2 years but you're under 55, your pension will stay safely with us until you're old enough to start receiving your pension. This is known as having a deferred pension. You won't be able to pay into it anymore, but we'll adjust the value to reflect inflation each year, so it keeps up with the increasing cost of living.

If you've been in the LGPS for more than 2 years and you're age 55 or over, you can choose whether to start receiving your pension straight away or to defer payment for the future.

Alternatively you may be able to transfer your deferred pension to another provider, as long as you're not within one year of your Normal Pension Age (NPA).

When can I take my pension?

You can retire and take your pension benefits at any point between ages 55 and 75.

Your pension benefits will usually be reduced if you take them before you reach your NPA (which is the later of either age 65 or your State Pension Age), and will be increased if you take them later than this.

Can I take my pension and carry on working?

Not usually. In most cases you have to retire from the job that you are paying pension contributions from, before your pension can be brought into payment.

However, if your employer allows it, you may be able to flexibly retire. This is where you reduce your hours or move to a less senior role, and your pension is brought into payment to make up for the reduction in your pay, to help ease you into retirement.

If you're interested in flexible retirement, you should contact your line manager or HR team, and they will be able to tell you about your employer's policy on this.

Can I take tax free cash from my pension?

Yes, you can exchange part of your pension to receive a tax free lump sum when you retire. For every £1 we deduct from your annual pension, we will add £12 to your tax free lump sum.

You can find out how much tax free cash you could receive by using the [Lump Sum Calculator](#) on the national LGPS website www.lgpsmember.org.

If you were in the scheme before 1 April 2008 you will have built up an automatic lump sum. You can choose to convert part of your pension and take a larger lump sum if you would like, but can't convert your automatic lump sum to provide a larger pension.

Is my monthly pension taxed?

Yes, HMRC will provide us with your tax code and we will deduct tax from your monthly pension before we pay it to you.





Can't find the answer to your question? Contact us!

Phone: 03330 138 384

Email: pensionenquiries@essex.gov.uk

Post: Essex Pension Fund
Seax House
County Hall
Chelmsford
CM1 1QH

Website: www.essexpensionfund.co.uk

Member Online: www.epfmemberonline.co.uk

National LGPS Website: www.lgpsmember.org