



A brief guide to the Local Government Pension Scheme (LGPS) for councillors in Scotland

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Where pension terms are used in this guide, they appear in ***bold italic*** type. These terms are defined in the **Some terms we use** section.

Highlights of the LGPS

The LGPS gives you:

Secure benefits:

the Scheme provides you with a future income, independent of share prices and stock market fluctuations.

At a low cost to you:

with tax-efficient savings.

And your council pays in too:

the Scheme is provided by your council who meets the balance of the cost of providing your benefits in the LGPS.

You can look forward to your retirement in the LGPS with:

A secure pension:

worked out every **Scheme year** and added to your **pension account**. The pension added to your account at the end of a Scheme year is an amount equal to a 49th of your **pensionable pay** in that year if you are in the main section. At the end of every Scheme year, the total amount of pension in your account is revalued to take into account the cost of living (as currently measured by the **Consumer Prices Index (CPI)**). The Scheme year runs from 1 April to 31 March.

Flexibility to pay more or less contributions:

you can boost your pension by paying more contributions, which you would get tax relief on. You also have the option to pay half your normal contributions in return for half your normal pension. This is known as the 50/50 section of the Scheme. The 50/50 section is designed to help members stay in the Scheme when times are financially tough.

Tax-free cash:

when you take your pension you have the option to exchange part of it for some tax-free cash.

Peace of mind:

your family enjoys financial security, with immediate life cover and a pension for your spouse, **civil partner** or **eligible cohabiting partner** and **eligible children** if you die in service. If you become seriously ill and you've met the two-year **qualifying period**, you could receive immediate ill health benefits.

Freedom to choose when to take your pension:

You do not need to have reached your **Normal Pension Age** to take your pension. Once you've met the two year **qualifying period**, you can choose to retire and take your pension at any time between age 55 and 75. Your **Normal Pension Age** is simply the age you can retire and take the pension you've built up in full. If you choose to take your pension before your **Normal Pension Age** it will normally be reduced, as it's being paid earlier. If you take it later than your **Normal Pension Age**, it's increased because it's being paid later.

The Scheme

This guide briefly describes the membership conditions and main Scheme benefits that apply if you pay into the LGPS on or after 1 April 2015.

Any reference to the LGPS or the Scheme is a reference to the LGPS in Scotland.

What kind of scheme is it?

The LGPS is a tax approved, defined benefit occupational pension scheme.

The LGPS was contracted out of the State Second Pension scheme (S2P) until 5 April 2016. From 6 April 2016, 'contracted out' status ended for all pension schemes due to the introduction of the single tier State Pension.

The Scheme was set up under the Public Service Pensions Act 2013 and, in the case of the LGPS (Transitional Provisions and Savings) (Scotland) Regulations 2014, under the Superannuation Act 1972.

The amount of pension you earn in a **Scheme year** is worked out each year and added to your **pension account**. The total amount in your **pension account** is revalued at the end of each **Scheme year** so your pension keeps up with the cost of living.

The LGPS is very secure because the benefits are set out in law.

Who can join?

The Scheme is available to all councillors aged under 75 elected to a local authority in Scotland. This includes such councillors when exercising functions as a convenor or vice-convenor of a joint board.

If eligible, you will join automatically.

You can choose to leave by completing an opt-out form, which you can do once you have started in your office as a councillor.

How will I know that I have joined the LGPS?

On joining, relevant records and a **pension account** will be set up and you will receive an official notification of your membership.

You should check your payslip to make sure that pension contributions are being deducted.

Can I opt out of the LGPS and re-join later?

Yes, you can opt out. If you are thinking of opting out, you might want to consider moving to the 50/50 section of the Scheme instead. In the 50/50 section, you pay half your normal contributions in return for half your normal pension build-up. To find out more, see the section on **Flexibility to pay less**.

If, having considered the 50/50 section, you still decide the LGPS is not for you, you can leave the LGPS at any time on or after your first day of holding office by completing an opt out form and returning it to your council. You might want to take independent financial advice before making the final decision to opt out.

If you opt out before completing three months' membership, you will be treated as never having been a member. Your council will refund to you, through your pay, any contributions you have paid.

If you opt out with three or more months' membership and before completing the two year **qualifying period**, you can usually take a refund of your contributions (less an adjustment for tax) or transfer out your pension to another scheme.

If you opt out after meeting the two-year **qualifying period**, you will have deferred benefits in the Scheme. You will generally have the same options as anyone leaving their job before retirement, except you cannot take payment unless you have left your office.

If you opt out, you can opt back in at any time before age 75, provided you are otherwise eligible to join the Scheme.

What do I pay?

You will pay contributions on **pensionable pay** at your contribution rate.

Your contribution rate depends on how much you are paid, but it's currently between 5.5% and 12%. There are five-tiers, with your contributions based on how much of your **pensionable pay** falls into each tier. When you join, and every April after, your council will decide your rate. If your terms and conditions as a councillor permanently change which affects your pay during the year, your council may need to review your rate. If you elect for the 50/50 section, you pay half the rates listed in the table below.

Here are the rates that apply from April 2022.

Table 1: Contribution rates for 2022/23

Actual pensionable pay is:	Contribution rate (%)
On earnings up to and including £23,000	5.5%
On earnings above £23,001 and up to £28,100	7.25%
On earnings above £28,101 and up to £38,600	8.5%
On earnings above £38,601 and up to £51,400	9.5%
On earnings above £51,401	12%

The contribution rates and pay bands will be reviewed periodically and may change in the future.

Do I get tax relief?

As a member of the LGPS, if you earn enough to pay tax, your contributions will attract tax relief when they are deducted from your **pensionable pay**. There are restrictions on the amount of tax relief available on pension contributions. If the value of your pension savings increases in any one year by more than the standard annual allowance of £40,000, you may have to pay a tax charge. Most people will not be affected by the annual allowance.

Contributions

Does my council contribute?

Your council currently pays the balance of the cost of providing your LGPS benefits. Every three years an independent review is undertaken to calculate how much your council should contribute to the Scheme.

Is there flexibility to pay less in contributions?

Yes, you can move into the 50/50 section of the Scheme. In the 50/50 section, you pay half the normal contributions and build up half the normal pension. See the section on **Flexibility to pay less**.

Can I pay extra to increase my benefits?

You can increase your benefits by paying extra contributions, known as Additional Pension Contributions (APCs), to buy extra LGPS pension, or by making payments to the Scheme's **Additional Voluntary Contributions (AVC)** arrangement. See the section on **Flexibility to pay more**.

Re-joining the LGPS

If you re-join as a councillor and have deferred benefits from a previous period when you were a councillor in Scotland, your deferred benefits will generally be automatically joined with your new active **pension account**. You will have 12 months from re-joining to make your decision.

If you re-join as a councillor and have a deferred refund in the LGPS, this **must** be joined with your new active **pension account**.

Any pension rights you built up as a councillor in Scotland cannot be joined with any LGPS rights you build up as an employee in Scotland, and vice versa.

Can I transfer in non-LGPS pensions?

If you have paid into a non-LGPS pension arrangement or to the LGPS in England and Wales or Northern Ireland, you may be able to transfer your previous pension rights into the LGPS. The pension rights must be held by a Public Service Pension Scheme which participates in the **Public Sector Transfer Club**. You cannot transfer pension benefits from other occupational pension schemes or personal pension arrangements. You only have 12 months from joining the LGPS to opt to do so. You cannot transfer a pension that is already being paid to you.

What if I'm already receiving an LGPS pension?

If you are already receiving a pension from the Scheme and you are re-employed (including starting a new office) in local government or by an employer who offers membership of the LGPS, your pension may be affected. Your pension will only be affected if some or all of it was built up before 1 April 2015. You must tell us about your new employment or office, regardless of whether you join the Scheme in your new position. We will let you know whether your pension in payment is affected in any way.

If you are receiving a pension from the Scheme, all of which you built up after 31 March 2015, and you are re-employed in local government or by an employer who offers membership of the LGPS, you do not need to inform us. There is no effect on your pension in payment.

Contribution flexibility

Flexibility to pay less

When you join the Scheme, you will be placed in the main section of the Scheme. However, once you are a member you will be able to elect in writing, at any time, to move to the 50/50 section if you wish.

In the 50/50 section you pay half your normal contributions. This flexibility may be useful during times of financial hardship as it allows you to remain in the Scheme, building up valuable pension benefits, instead of opting out.

A 50/50 option form is available from your council. If you have more than one office or job in which you contribute to the Scheme, you would need to specify in which of the offices or jobs you wish to move to the 50/50 section.

If you elect for the 50/50 section, you would be moved to that section from the next available pay period. You would then start paying half your normal contributions and build up half your normal pension while you are in that section. When you make an election for the 50/50 section, your council must provide you with information on the effect this will have on your Scheme benefits.

If you were to die in service while in the 50/50 section, the lump sum death grant and any survivor pensions would be worked out as if you were in the main section. If you are awarded an ill health pension, the amount of enhanced pension added to your **pension account** is also worked out as if you were in the main section.

The 50/50 section is designed to be a short-term option for when times are tough financially. Because of this, your council must re-enrol you back into the main section approximately three years from the date they first have to comply with the **automatic enrolment provisions** (and approximately every three years after that). If you wished to continue in the 50/50 section at that point you would need to make another election.

There is no limit to the number of times you can elect to move between the main and the 50/50 sections.

Flexibility to pay more

There are several ways you can increase your pension benefits, on top of the benefits you are already looking forward to as an LGPS member.

You can increase your pension benefits by paying:

- Additional Pension Contributions (APCs) to buy extra LGPS pension,
- **Additional Voluntary Contributions (AVCs)** arranged through the LGPS (in-house AVCs),
- Free Standing Additional Voluntary Contributions (FSAVCs) to a scheme of your choice,
- contributions to a stakeholder or personal pension plan.

Contact us for more information on the first two of these options. Contact details can be found at the end of this guide. You may wish to take independent financial advice before you decide to pay extra.

Your pension

Your LGPS benefits are made up of:

- a pension that increases every year in line with the cost of living for the rest of your life, and
- the option for you to exchange part of your pension for a tax-free lump sum paid when you take your benefits.

How is my pension worked out?

Benefits built up from 1 April 2015

Every year, you build up a pension at a rate of 1/49th of the amount of **pensionable pay** you received in that **Scheme year** if you are in the main section. You build up a pension at half this rate if you are in the 50/50 section.

The pension built up during the **Scheme year** is added to your **pension account** and revalued at the end of each **Scheme year**, so your pension keeps up with the cost of living.

The **Scheme Year** runs from 1 April to 31 March.

What pay is used to work out my pension from 1 April 2015?

The amount added into your **pension account** is worked out using your **pensionable pay**, which is the pay on which you pay your normal pension contributions.

How is my pension worked out – an example

Let's look at the build-up in a member's **pension account** for six years, assuming that:

- the member joined on 1 April 2015
- their **pensionable pay** was £24,500 in 2015/16
- their **pensionable pay** increases by 1 per cent each year
- The cost of living (revaluation adjustment) for the end of the Scheme years ending 31 March 2016, 2017, 2018, 2019, 2020 and 2021 is -0.1 per cent, 1 per cent, 3 per cent, 2.4 per cent, 1.7 per cent and 0.5 per cent respectively.

Table 2: Example of pension build-up

Scheme Year	Opening Balance	Pension Build up in Scheme Year Pay / Build up rate = Pension	Total Account 31 March	Cost of Living Revaluation Adjustment	Updated Total Account
1 2015/16	£0.00	£24,500 ÷ 49 = £500	£500	-0.1% = -£0.50	£500 + -£0.50 = £499.50
2 2016/17	£499.50	£24,745 ÷ 49 = £505	£1,004.50	1% = £10.05	£1,004.50 + £10.05 = £1,014.55
3 2017/18	£1,014.55	£24,992.45 ÷ 49 = £510.05	£1,524.60	3% = £45.74	£1,524.60 + £45.74 = £1,570.34
4 2018/19	£1,570.34	£25,242.37 ÷ 49 = £515.15	£2,085.49	2.4% = £50.05	£2,085.49 + £50.05 = £2,135.54
5 2019/20	£2,135.54	£25,494.79 ÷ 49 = £520.30	£2,655.84	1.7% = £45.15	£2,655.84 + £45.15 = £2,700.99
6 2020/21	£2,700.99	£25,749.74 ÷ 49 = £525.50	£3,226.49	0.5% = £16.13	£3,226.49 + £16.13 = £3,242.62

Benefits built up before 1 April 2015

If you joined before 1 April 2015, your benefits for membership before then were built up in the earlier career average scheme and are calculated differently.

For membership built up to 31 March 2009, you receive a pension of 1/80th of your **career average pay** plus an automatic tax-free lump sum of three times your pension.

For membership built up from 1 April 2009 to 31 March 2015, you receive a pension of 1/60th of your **career average pay**. There is no automatic lump sum for membership built up after March 2009, but you do have the option to exchange some of your pension for a tax-free lump sum.

The underpin

If you were paying into the LGPS on 31 March 2012 and were within 10 years of age 65 at 1 April 2012, you may qualify for an additional protection called the underpin. If you are covered by the underpin, you will get a pension at least equal to that which you would have received had the Scheme not changed on 1 April 2015.

If you are covered by the underpin, a calculation will be performed when you leave the Scheme, or at your protected **Normal Pension Age** if earlier. The purpose of this is to check that the pension you have built up is at least equal to the pension you would have received had the Scheme not changed on 1 April 2015. If it isn't, the difference is added into your **pension account** when your pension is paid.

The underpin calculation is slightly different if you have been in the 50/50 section at any time. The pension you would have built up in the main section is compared with the pension you would have received had the Scheme not changed on 1 April 2015.

A recent court case has ruled that certain younger members should also qualify for the underpin. The Government is finalising changes to achieve this.

Can I exchange part of my pension for a lump sum?

You can exchange part of your pension for a one-off tax-free cash payment. You will receive £12 lump sum for each £1 of pension you give up. You can take up to 25 per cent of the capital value of your pension benefits as a lump sum. The total lump sum must not exceed £268,275, or, if you have previously taken payment of (crystallised) pension benefits, 25 per cent of your remaining lifetime allowance. Details of the maximum tax-free cash payment you can take will be given to you shortly before retirement. It is at that time you need to decide.

Taking AVCs as cash

If you pay **Additional Voluntary Contributions (AVCs)** in the LGPS, you may be able to take your AVC fund as a tax-free lump sum. This option will be open to you if:

- you take your AVC at the same time as your main LGPS benefits
- your AVC plus your LGPS lump sum is less than 25 per cent of the overall value of your LGPS benefits (including your AVC fund) and
- the total lump sum doesn't exceed £268,275¹.

Details of this option will be given to you shortly before retirement.

From age 55 (or earlier on ill health), you may be able to withdraw multiple cash lump sums from your AVC fund – these are called uncrystallised funds pension lump sums (UFPLS). The first 25 per cent of each withdrawal is usually tax free with the remaining 75 per cent taxed as ordinary income. Speak to your AVC provider for more information.

¹Or if you have previously taken payment of (crystallised) pension benefits the total lump sum must not exceed 25% of your remaining lifetime allowance

Leaving the Scheme before retirement

If you leave your office before retirement and have met the two-year **qualifying period**, you will have a right to a pension. You will have two options:

- you can choose to keep your benefits in the LGPS. These are known as deferred benefits and will increase every year in line with the cost of living, or
- you may be able to transfer your deferred benefits to another pension arrangement.

If you leave your office before retirement and **have not** met the two-year **qualifying period**, you will have two options:

- you will normally be able to claim a refund of your contributions, or
- you may be able to transfer your benefits to a new pension arrangement.

You don't have to decide straight away but you should be aware that:

- a refund must be paid within five years of the date you left the Scheme (or by age 75 if earlier)
- if you do not claim the refund and you re-join the LGPS it will no longer be payable. The benefits will instead be added to your new **pension account**.
- An election to transfer must be received by us within 3 months from your date of leaving the scheme (this is known as the reply date). If you do not elect to transfer by the reply date you will only be able to claim a refund of contributions (unless you re-join the LGPS).

Refunds of contributions

If you leave, or opt out after three months, and have not met the two-year **qualifying period**, you will normally be able to claim a refund of your contributions (less tax). We will automatically pay the refund to you five years after you left (or age 75 if earlier) if you do not claim your refund, transfer your benefits to a new pension arrangement or re-join the LGPS.

Deferred benefits

If you leave before your **Normal Pension Age** and you meet the two-year **qualifying period**, you will be entitled to deferred benefits within the LGPS. Your deferred benefits will be calculated as described in the **How is my pension worked out?** section.

While your benefits are deferred, they will increase each year in line with the cost of living.

Your deferred benefits will normally be paid unreduced at your **Normal Pension Age**, unless one of the following happens:

- You transfer your deferred benefits to another pension arrangement
- Your benefits are paid early on health grounds. Your benefits could be paid in full if:
 - you are permanently incapable of doing the role of councillor and
 - you are unlikely to be capable of undertaking any gainful employment before **Normal Pension Age**
- You elect to receive your deferred benefits early from age 55 onwards
- You elect not to receive your deferred benefits at your **Normal Pension Age** and defer receiving your pension until later. Your benefits must be paid by age 75.

Benefits paid earlier than your **Normal Pension Age**, other than on the grounds of permanent ill health, may be reduced to take account of their early payment and the fact that your pension will be paid for longer. Benefits paid after your **Normal Pension Age** will be increased.

Transferring your benefits

If you leave the Scheme and are entitled to deferred benefits or a refund, you can generally transfer the cash equivalent of your pension benefits into another pension arrangement or a new employer's pension scheme. This may even be to an overseas pension scheme that meets HM Revenue and Customs conditions.

You cannot transfer your deferred benefits if:

- you leave the Scheme less than one year before your **Normal Pension Age**
- you are still paying into the Scheme in another employment / office,
- you have received a pension from the Scheme, or
- you elect to transfer less than 12 months before your **Normal Pension Age**.

Your new pension provider will require a transfer value quotation, which we will normally guarantee for three months.

You may also be able to transfer out your **Additional Voluntary Contributions (AVCs)** to a different pension arrangement. The conditions to be able to do so differ

from those set out above. You can transfer your AVCs without having to also transfer out your other benefits.

If you leave with a deferred benefit, return to office and re-join, your deferred benefit will normally be automatically transferred to the new active **pension account**, unless you elect to keep it separate. If you wish to keep it separate, you must elect to do so within 12 months of re-joining.

If you leave the LGPS and are entitled to a refund of contributions (normally because you have less than two years' membership) and you:

- do not take the refund, and
- re-join the LGPS

then the deferred refund **must** be joined with your new active **pension account**.

Transferring your benefits to a defined contribution scheme

The UK Government introduced flexible benefits from 6 April 2015 to allow members of defined contribution schemes, who are over age 55, more freedom on how they take money from their pension pot.

The LGPS is not a defined contribution scheme, it is a defined benefit scheme. It is not directly affected by these changes. However, if you stop paying into the LGPS, have three or more months' membership, and have not previously received a pension from the Scheme, then unless you are retiring with immediate effect due to ill health, you will have the right to transfer your LGPS pension to a defined contribution scheme providing flexible benefits. The transfer must be completed more than 12 months before you reach your **Normal Pension Age**.

You will be required by law to take independent financial advice if the value of your pension benefits in the LGPS (excluding AVCs) is more than £30,000. You are not required to do so if the value is less than £30,000. However, transferring your pension rights is not always an easy decision and seeking the help of an independent financial adviser before you make a final and irreversible decision to transfer could help you in making an appropriate decision.

There are four main options for members, aged over 55, who are in a defined contribution scheme which provides flexible benefits:

- buying a guaranteed income for life (an annuity)
- using your pension pot to provide a flexible retirement income (flexi-access drawdown)

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- taking multiple cash sums at different stages
- taking the whole pot as cash in one go.

Keep in touch – remember to let us know if you move house. Contact details can be found at the end of this guide.

Retirement

When can I retire and take my LGPS pension?

You can choose to retire and take your pension at any time from age 55 to 75, provided you have met the two-year **qualifying period** in the Scheme.

If you voluntarily retire before, on or after your **Normal Pension Age**, you can defer taking your benefits, but you must take them no later than your 75th birthday. If you take your pension after your **Normal Pension Age**, your benefits will be paid at an increased rate to reflect late payment.

The **Normal Pension Age** in the LGPS is linked to your **State Pension Age**, but with a minimum of age 65. If your **State Pension Age** changes in the future, your **Normal Pension age** will also change.

If you built up membership before 1 April 2015, you would have benefits in the earlier career average scheme. These benefits have a **Normal Pension Age** of 65.

Will my pension be reduced if I retire early?

If you choose to retire and take your benefits before your **Normal Pension Age**, the benefits will be reduced because they will be paid for longer. Your benefits are calculated as set out in the **How is my pension worked out?** section and are then reduced. How much your benefits are reduced by depends on how early you take them.

What happens if I have to retire early due to ill health?

If you leave your office due to illness, you may be able to receive immediate payment of your benefits.

To qualify for ill health benefits:

- you must have met the two-year **qualifying period** in the Scheme, and
- your council, based on an opinion from an independent occupational health physician appointed by them, must be satisfied that you will be permanently unable to do the duties of your office until your **Normal Pension Age**.

Ill health benefits can be paid at any age and are not reduced for early payment. In fact, your benefits are increased to make up for your early retirement.

What if I carry on in office after my Normal Pension Age?

If you carry on in your office after your **Normal Pension Age**, you will continue to pay into the LGPS, building up further benefits. When you eventually retire you will receive your pension unless you choose to delay taking it. Your pension must be paid by age 75. Your pension will be paid at an increased rate because it will be paid for a shorter time.

How does my pension keep its value?

On taking your pension on or after age 55, it increases in line with the cost of living every year throughout your retirement. As the cost of living increases, so will your pension. If you retire on ill health grounds, your pension is increased each year regardless of your age.

Protection for your family

What benefits will be paid when I die?

On your death, pensions will be paid to your –

- **eligible children**
- spouse, **civil partner**, or, if certain conditions are met, **eligible cohabiting partner**.

A lump sum death grant will also be paid if you–

- die in service as a member of the LGPS
- leave before retirement with deferred benefits and die before receiving them
- die after receiving your pension, before your 75th birthday, and less than ten years' pension has been paid.

How much will the lump sum death grant be?

This will depend on whether you die in service, after leaving but before you take your pension or when you are receiving your pension.

If you die in service as a member of the LGPS, the lump sum is three times your **assumed pensionable pay**.

If you leave before retirement with deferred benefits and die before receiving them, the lump sum is five times your deferred yearly pension. If you are also an active member of the Scheme in another employment, this may impact on the death grant that is paid.

If you die when you are receiving your pension and before your 75th birthday, the lump sum is ten times the yearly amount of your pension before giving up any pension for tax-free lump sum, reduced by any pension and tax-free lump sum already paid to you. There is a slight difference to this calculation for any part of the pension you were receiving which relates to membership before 1 April 2015. If you are also an active member in another employment, this may impact on the death grant that is paid.

Who is the lump sum death grant paid to?

The LGPS allows you to say who you would like any death grant to be paid to by completing a lump sum death benefit expression of wish form. This form is available in the resources section of our website www.highlandpensionfund.org. The Highland Council Pension Fund, as the administering authority, however, retains absolute discretion when deciding on who to pay any death grant to. You can find out how to contact us at the end of this guide.

What will be paid to my spouse, civil partner or eligible cohabiting partner?

Your spouse, civil partner or eligible cohabiting partner will receive a proportion of your pension. It will be paid for the rest of their life. Generally, this is:

- 30.625 per cent of the pension you built up from April 2015
- 37.50 per cent of the pension you built up between April 2009 and March 2015
- 50 per cent of the pension you built up before April 2009.

If you die in service as a member of the LGPS, the pension will include a proportion of the increase you would have received if you had retired on ill-health.

If you leave before retirement with deferred benefits and die before taking them, the pension is the relevant percentage of your deferred pension.

If you die after receiving your pension, the pension is the relevant percentage of your pension before giving up pension for tax-free lump sum and before any reductions or increases for early or late payment.

Some parts of your pension are not counted. This includes additional pension bought by paying additional pension contributions.

If you were in the 50/50 section, this does not affect the value of the pension.

Help with pension problems

Who can help me if I have a query or complaint?

If you have a problem or question about your LGPS benefits, please contact us. Contact details can be found at the end of this guide. We will try to put things right and answer any questions as quickly and efficiently as possible. If your query is about your contribution rate, please contact your payroll section so they can explain how they decided which rate you should pay.

If you are still unhappy, you can use the Internal Disputes Resolution Procedure to have your complaint reviewed. There are also other regulatory bodies that may be able to assist you.

Internal Disputes Resolution Procedure

In the first instance, you should write to the person nominated by either the council or LGPS administering authority who made the decision you wish to appeal. You may alternatively write to the administering authority, who will refer the complaint to the relevant person. You must do this within six months of the date you are notified about the decision or of the act or failure to act you are complaining about. The nominated person can accept a complaint outside of the six-month period if they think it is reasonable to do so.

This is a formal review of the complaint. It is an opportunity for the matter to be reconsidered. The nominated person will consider your complaint and notify you of their decision. If you are unhappy with the nominated person's decision (or if they fail to make a decision), you may apply to the Scottish Ministers to have it reconsidered.

A leaflet explaining the Internal Disputes Resolution Procedure including relevant time limits is available in the resources section of our website www.highlandpensionfund.org.

The Pensions Advisory Service (TPAS)

TPAS provides independent and impartial information about pensions, free of charge, to members of the public. TPAS is available to assist members and beneficiaries of the Scheme with any pension query they have or any general requests for information or guidance concerning their pension benefits. TPAS can be contacted:

In writing: 120 Holborn, London, EC1N 2TD

By telephone: 0800 011 3797

Website: www.pensionsadvisoryservice.org.uk (where you can submit an online enquiry form).

The Pensions Ombudsman (TPO)

TPO deals only with pension complaints. It can help if you have a complaint or dispute about the administration and / or management of personal and occupational pension schemes. Some examples of the types of complaints it considers are (this list is not exhaustive):

- automatic enrolment
- benefits: including incorrect calculation, failure to pay or late payment
- death benefits
- failure to provide information or act on instructions
- ill health
- interpretation of scheme rules
- misquote or misinformation
- transfers.

You have the right to refer your complaint to TPO free of charge. There is no financial limit on the amount of money that TPO can award. Its determinations are legally binding on all parties and are enforceable in court.

Contact with TPO about a complaint needs to be made within three years of when the event(s) you are complaining about happened – or, if later, within three years of when you first knew about it (or ought to have known about it). There is a discretion for those time limits to be extended.

TPO can be contacted:

In writing: 10 South Colonnade, Canary Wharf, E14 4PU

Telephone: 0800 917 4487

Website: www.pensions-ombudsman.org.uk (where you can submit an online complaint form)

The Pensions Regulator (TPR)

This is the regulator of work-based pension schemes. TPR has powers to protect members of work-based pension schemes and a wide range of powers to help put matters right, where needed. If you have a concern about your workplace pension you can contact them:

By telephone: 0345 600 7060

Website: www.thepensionsregulator.gov.uk

How can I trace my pension rights?

The Pension Tracing Service holds details of pension schemes, including the LGPS, together with relevant contact addresses. It provides a tracing service for ex-members of schemes with pension entitlements, and their dependants, who have lost touch with previous schemes. All occupational and personal pension schemes must register if they have current members contributing to the scheme or people expecting benefits from the scheme. If you need to use this tracing service:

Write to: The Pension Tracing Service, The Pension Service 9, Mail Handling
Site A, Wolverhampton, WV98 1LU

Telephone: 0800 731 0193

Website: www.gov.uk/find-pension-contact-details

Don't forget to keep all of your pension providers up to date with any change in your home address.

Some terms we use

Additional Voluntary Contributions (AVCs)

These are extra payments to increase your future benefits. You can also pay AVCs to provide additional life cover.

All LGPS administering authorities have an AVC arrangement that you can use to invest money with an AVC provider. AVC providers are often insurance companies or building societies. AVCs are deducted directly from your pay and attract tax relief.

Assumed pensionable pay

This is a notional pay figure. The figure is used to calculate the benefits payable if you die in service (such as the lump sum death grant and increases to pensions for spouses, **civil partners**, **eligible cohabiting partners** and **eligible children**). The figure is also used to calculate the increase awarded on ill-health benefits.

Assumed pensionable pay is calculated as the average of the **pensionable pay** you received for the complete 12 weeks (or 3 months if monthly paid) before you died in service or before you left office due to illness, grossed up to an annual figure.

Automatic enrolment provisions

The Pensions Act 2008 requires each employer to automatically enrol their workers who meet certain conditions into a workplace pension scheme.

Career average pay

Career average pay is used to calculate your benefits for membership built up before 1 April 2015. Career average pay is the average of your **pensionable pay** over your period of LGPS membership. When calculating this, the **pensionable pay** for all years (1 April to 31 March), other than for the year in which you leave, is revalued to take into account the cost of living (as measured by the Retail Prices Index).

Civil partnership (civil partner)

A Civil Partnership is a relationship between two people of the same sex which is formed when they register as civil partners of each other.

Consumer Prices Index (CPI)

The Consumer Prices Index (CPI) is a measure of inflation of consumer prices in the United Kingdom. This is currently the measure used to revalue your **pension account** at the end of every **Scheme year** when you are an active member. Also, each April after you leave, it is used to revalue your deferred benefits or pension in payment. This ensures your benefits keep up with the cost of living.

Eligible children

Eligible children are your children. They must, at the date of your death:

- be your natural child (who must be born before, or within 12 months of, your death)
- be your adopted child, or
- be your stepchild or a child accepted by you as being a member of your family and be dependent on you. This doesn't include a child you sponsor for charity.

Eligible children must:

- be under age 18, or
- be aged between 18 and 23 and in full-time education or vocational training. Your administering authority can continue to treat the child as an eligible child notwithstanding a break in full-time education or vocational training, or
- be unable to engage in gainful employment because of physical or mental impairment and either:
 - has not reached the age of 23, or
 - the impairment is, in the opinion of an independent registered medical practitioner, likely to be permanent and the child was dependent on you at the date of your death because of that mental or physical impairment.

Eligible cohabiting partner

An eligible cohabiting partner is a partner you are living with who, at the date of your death, was free to marry or enter into a civil partnership with you and the relationship has met all the following conditions for a continuous period of at least two years:

- you and your cohabiting partner have been living together as if you were a married couple, or ***civil partners***, and
- neither you nor your cohabiting partner have been living with someone else as if you/they were a married couple or ***civil partners***, and
- either your cohabiting partner is, and has been, financially dependent on you or you are, and have been, financially interdependent on each other.

Your partner is financially dependent on you if you have the highest income. Financially interdependent means that you rely on your joint finances to support your standard of living. It doesn't mean that you need to be contributing equally. For example, if your partner's income is a lot more than yours, he or she may pay the mortgage and most of the bills, and you may pay for the weekly shopping.

On your death, a pension would be paid to your cohabiting partner if your partner satisfies your LGPS administering authority that:

- you were free to marry or enter into a civil partnership with each other on the date of death, and
- the other conditions had been met for a continuous period of at least two years immediately before your death.

For this purpose, your LGPS administering authority will require evidence.

You are not required to complete a form to nominate your partner. However, you can provide your LGPS administering authority with your partner's details.

Normal Pension Age

Normal Pension Age is linked to your **State Pension Age** for benefits built up from 1 April 2015 (but with a minimum of age 65) and is the age at which you can take the pension in full. If you choose to take your pension before your Normal Pension Age it will normally be reduced, as it's being paid earlier. If you take it later than your Normal Pension Age, it's increased because it's being paid later.

You can use the Government's **State Pension Age** calculator (www.gov.uk/calculate-state-pension) to find out your **State Pension Age**.

Your **State Pension Age** may change in the future. If it does, this will also change your Normal Pension Age in the LGPS for benefits built up from 1 April 2015. Once your LGPS pension is being paid, any later change in your **State Pension Age** will not affect your Normal Pension Age.

If you were paying into the LGPS before 1 April 2015, your benefits in the earlier career average scheme retain their protected Normal Pension Age of 65.

All pension benefits must be taken at the same date. You cannot choose to have your pension in the earlier career average scheme (built up before April 2015) paid at age 65 and your pension in your **pension account** (built up from April 2015) at your **State Pension Age** (or age 65 if later).

Pension account

Each **Scheme year** the pension you have built up during the year is worked out and added into your active pension account.

Your account may be adjusted during the **Scheme year** due to:

- any transfer of pension rights into the account during the year
- any extra pension bought during the year

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- any reduction due to a Pension Sharing Order or qualifying agreement in Scotland (following a divorce or dissolution of a ***civil partnership***) and
- any reduction due to an Annual Allowance tax charge that you have asked the Scheme to pay on your behalf.

Your account is revalued at the end of each ***Scheme year*** to take account of the cost of living. This is currently measured by the ***Consumer Prices Index (CPI)***.

If you are a councillor with more than one council, you will have a separate pension account for each office.

In addition to an active member's pension account there are also:

- a deferred member's pension account
- a deferred refund account
- a retirement pension account
- a pension credit account, and
- a survivor member's account.

These accounts will be adjusted due to any Pension Sharing Order or qualifying agreement in Scotland (following a divorce or dissolution of a ***civil partnership***) and due to any Annual Allowance tax charge that you have asked the Scheme to pay on your behalf. These accounts are increased each April in line with the cost of living (as currently measured by the ***Consumer Prices Index (CPI)***). A deferred refund account will not be adjusted in these ways.

Pensionable pay

Your pensionable pay used to work out your pension each ***scheme year*** is the pay on which you normally pay pension contributions (gross pay before deductions). That is the remuneration your council pays you as a leader of the council, civic head, senior councillor or councillor, including payments in respect of functions as convenor or vice-convenor of a joint board.

Public Service Pension Scheme

A public service pension scheme includes a pension scheme covering civil servants, the judiciary, the armed forces, any scheme in England, Wales or Scotland covering local government workers, or teachers, health service workers, fire and rescue workers, members of the police forces or membership of a new public body pension scheme.

A full list of public service pension schemes which participate in the public sector transfer club is available at <https://www.civilservicepensionscheme.org.uk/joining-the-pension-scheme/transfer-an-old-pension-into-your-civil-service-pension/public-sector-transfer-club/>

Scheme year

The Scheme year runs from 1 April to 31 March.

State Pension Age

This is the earliest age you can receive the basic state pension. State Pension Age for women was increased between 2010 and December 2018 to be equalised with the State Pension Age of 65 that applied to men up to December 2018.

Table 3: State Pension Age equalisation timetable for women

Date of birth	New State Pension Age
Before 6 April 1950	60
6 April 1950 - 5 April 1951	In the range 60 - 61
6 April 1951 - 5 April 1952	In the range 61 - 62
6 April 1952 - 5 April 1953	In the range 62 - 63
6 April 1953 - 5 August 1953	In the range 63 - 64
6 August 1953 - 5 December 1953	In the range 64 - 65

The State Pension Age increased to 66 for both men and women between December 2018 and October 2020.

Table 4: State Pension increases up to October 2020

Date of birth	New State Pension Age
6 December 1953 - 5 October 1954	In the range 65 - 66
After 5 October 1954	66

Under current legislation, the State Pension Age is due to rise to 67 between 2026 and 2028 and to 68 between 2044 and 2046. However, the U K Government has announced plans to bring forward the rise to 68 to between 2037 and 2039.

Qualifying Period

To qualify for benefits, you must be an active member of the LGPS for at least two years. This is called the qualifying period. You can meet the qualifying period before two years if:

- you have brought a transfer of pension rights into the LGPS from a different occupational pension scheme or from a European pensions institution and the length of service you had in that scheme or institution was two or more years or, when added to the period you have been a member of the LGPS is, in aggregate, two or more years, or

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- you have brought a transfer of pension rights into the LGPS from a pension scheme or arrangement where you were not allowed to receive a refund of contributions, or
- you have previously transferred pension rights out of the LGPS to a pension scheme abroad (ie to a qualifying recognised overseas pension scheme), or
- you already hold a deferred benefit or are receiving a pension from the LGPS (other than a survivor's pension or pension credit member's pension), or
- you have paid National Insurance contributions before 6 April 2016 while a member of the LGPS and leave office (or opt out) in the tax year you reach pensionable age (for most, **State Pension Age**), or in any later tax year, or
- you cease to contribute to the LGPS at age 75, or
- you die in service.

Further information and disclaimer

This guide is for councillors in Scotland and reflects the provisions of the LGPS and overriding legislation as at April 2021.

This guide cannot cover every personal circumstance. It does not cover all ill health retirement benefits nor rights that apply to those whose rights are subject to a pension sharing order following divorce or dissolution of a civil partnership. Nor does it cover rights that apply to a limited number of councillors eg those whose total pension benefits exceed the lifetime allowance (£1,073,100 currently), those whose pension benefits increase in any tax year by more than the standard annual allowance (£40,000 currently) or for high earners, the tapered annual allowance, or those to whom protected rights apply.

In the event of any dispute over your pension benefits the appropriate legislation will prevail. This short guide does not confer any contractual or statutory rights and is provided for information purposes only.

More detailed information about the Scheme, forms, guides and published documents can be found on our website: www.highlandpensionfund.org

Alternatively, you can contact our team directly by telephone or email:

Telephone our team on **01463 702441**

Email our team at pensions.section@highland.gov.uk