

Pensions and Job Evaluation

The Local Government Pension Scheme ("LGPS") is a "final pay" pension scheme, i.e. benefits are normally calculated on a Scheme member's pay averaged over the last year of membership.

It does, however, contain rules which allow the averaged pay from an earlier period of membership to be substituted for the final year's pay. These rules may help protect the pension of a person whose pay is reduced as a result of Job Evaluation.

For example, if your pay is reduced during the twelve months before you retire and the average pay from one of the two years immediately before your final year would be higher than the final year's average, that higher amount can be used in the calculation of benefits. This is often referred to as "the-best-of-the-last-three-years" rule.

There is another rule which extends this three years to ten years for a person who has had pay reduced earlier in their period of membership because of a reduction in grading or responsibility. This rule allows pay, averaged over three consecutive years in the last ten years of membership, to be substituted for the final year's pay. The scheme member can choose which three-year period should be used (but the period selected must end on a 31 March). Pay averaged over three years is normally not as high as pay averaged over a single year but, where it precedes a pay reduction, it may still be better than the final year's pay.

Pensions Increase – which helps protect your pension against inflation – is calculated from the end of the period over which pay has been averaged. Consequently if a person chooses to have a pension based on an earlier period of average pay, Pensions Increase is backdated to the end of that earlier period.

The above rules apply where there has been a reduction or restriction in pay on or after 1 April 2008. The rules could be subject to change.

If the reduction or restriction in pay was before 1 April 2008, earlier LGPS rules allowed the "best-of-the-last-three-years" principle and also allowed the ten-year backdating subject to the issue of a "Certificate of Protection". If you qualified for a Certificate before 1 April 2008, this will have been noted on your pension record.

If you require further information please e mail Pension Services:
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Or telephone on 01785 278222