

The Local Government Pension Scheme

Notes about the 50/50 Section



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Introduction

A new career average Local Government Pension Scheme was introduced on 1 April 2014. The new Scheme is divided into two sections the main section and the 50/50 section.

Who can elect for 50/50?

Any member of the Scheme can elect to be part of the 50/50 section. An election form can be obtained from www.staffspf.org.uk online or as a paper form, which should be completed and sent to your employer. Membership of the 50/50 section will commence from the start of the pay period following your election.

Does paying into the 50/50 Section affect my death and Dependants Benefits?

No your death grant and survivor benefits are not affected by your membership of the 50/50 section of the Scheme.

How does this affect my pension benefits?

From 1 April 2014 members build up a pension of 1/49th of their actual pensionable pay for each year or part year that they are a member of the Scheme; this is known as the **Main Section** of the Scheme.

Example

Susan is part-time 30 hours per week and earns £ 24,500 per year. Susan will build up one year's pension of 1/49th of her actual pensionable pay for each year that she is a member of the main section of the Scheme as follows:

$$1/49 \times £24,500 = £500$$

Members can however, elect to be in the **50/50 section** of the Scheme instead. This means that following an election to join the 50/50 section Susan would build up one year's pension of 1/98th of her actual pensionable pay for each year that she is a member of the 50/50 section of the scheme as follows:

Example

$$1/98 \times £24500 = £ 250$$

How does this affect the Contributions I pay to the Scheme?

If we continue with the above example of Susan earning £24500 per year the contributions paid to the scheme will be half that of her contributions to the main Scheme.

	Main Section	50/50 Section
Actual Pensionable Pay	£24500	£24500
Contribution Rate	6.5%	3.25%
Gross Contribution Amount per year before tax relief	£1592.50	£796.25
Gross Contribution Amount per month before tax relief	£132.71	£66.35

Please note that whilst the pension contributions made to the scheme reduce more of the total pay that you receive will be subject to tax if you are a tax payer.

How long can I remain in the 50/50 Section?

Membership of the 50/50 section is intended to be temporary and is a way of reducing your pension savings to the Scheme as an alternative to opting-out of pension saving completely. Remember you will still build up a valuable benefit whilst a member of the 50/50 section.

You will be required to make a fresh election on the anniversary of your employer's automatic enrolment date if you wish to remain in the 50/50 section. Your employer should write to you in advance of this date so that you can choose whether to make a fresh election.

If you are absent because of illness or injury and you have exhausted your sick pay entitlement, or if you are on Child-Related Absence and are receiving no pay, your employer will automatically put you back into the main section of the LGPS whilst you are not receiving pay. You will then start to build up full pension again in the main section of the Scheme even though you will not be paying any pension contributions. Following your return to work you would have the right to submit a fresh election to move back into the 50/50 section.

If you take up another job with your employer at the same time as continuing to hold your current job, you will be put into the main section of the LGPS in that new job. You would then have the right to make an election to move to the 50/50 section in that new job if you wished to do so. Similarly if you change jobs and move to a new employer where you are eligible to join the LGPS your new employer will put you into the main section of the LGPS in that new job.

An election to move between the two sections of the Scheme will apply from the start of the next available pay period after your employer receives your completed election form. An election form can be obtained from www.staffspf.org.uk online or as a paper form.

What is Pensionable Pay in the new Scheme?

The pay that is defined as pensionable is the same as the 2008 Scheme but in addition now includes any pay you receive for additional hours or non-contractual overtime.

Can I pay in additional contributions if I am in the 50/50 Section?

If you in the 50/50 Section, you can only pay Additional Pension Contributions (APCs) if they are to recover "lost pension" due to authorised unpaid leave of absence for Child-Related leave, Strike breaks or other authorised absence. However, if you wish to increase your pension benefit by paying APCs to improve your benefits in the LGPS, you **must** first re-join the Main Section of the scheme.

You can pay Additional Voluntary Contributions (AVCs) to one of Staffordshire Pension Fund's external providers if you are a member of the 50/50 Section or the Main Section.

For more information, please see the booklet Ways of Increasing your Pension Benefit, which is available to download from the Staffordshire Pension Fund website. Paper copies are available on request.

What if I was paying extra contributions before 1st April 2014?

The contract that you entered into under previous regulations can continue and the extra membership or pension that is being purchased will be included with your total benefits.

What rate will I pay?

Your contribution rate is assessed by your employer according to their policy. Your contribution rate is banded and assessed on your actual pay, but may also take into account your previous years' additional hours or overtime, or expected payments for these allowances. If you believe that you have been placed into the incorrect contribution band, you should contact your employer for an explanation before using the formal appeal process.

The table below lists the current rates, which are active from 1 April 2018.

Band	Pensionable Pay Range	Main Section Contribution Rate	50/50 Section Contribution Rate
1	Up to £14,100	5.5%	2.75%
2	£14,101 to £22,000	5.8%	2.9%
3	£22,001 to £35,700	6.5%	3.25%
4	£35,701 to £45,200	6.8%	3.4%
5	£45,201 to £63,100	8.5%	4.25%
6	£63,101 to £89,400	9.9%	4.95%
7	£89,401 to £105,200	10.5%	5.25%
8	£105,201 to £157,800	11.4%	5.7%
9	£157,801 or more	12.5%	6.25%

Further information

If you require further information about the areas covered by these notes, you can get in touch as follows:



www.staffspf.org.uk



pensions.enquiries@staffordshire.gov.uk



Staffordshire Pension Fund, 2 Staffordshire Place, Tipping Street, Stafford, ST16 2DH



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If a copy of this information is needed in large print, Braille, another language or on cassette or disc, please contact Pensions Services.

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